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May 23 1986

FINANCIAL TIMES

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Saturday May 24 1986

WORLD NEWS

Teachers lose key court case

The National Union of Teachers has lost an important test case over teachers' duties under employment contracts.

The High Court ruled yesterday that four local education authorities had been justified in making deductions from the salaries of teachers who refused to take classes for absent colleagues.

The ruling is expected to strengthen employers in current talks on a new teacher contract, which centre on what is "voluntary" duty in existing contracts. Back Page

Weinberger pledge

US Defence Secretary Caspar Weinberger said the US would consult Nato over contingency plans for deploying chemical weapons in Europe. Page 3

Hindus strike back

Violence erupted again when Hindus called a general strike in Amritsar, India, in protest at the killing of 12 Hindus by Sikh terrorists. Page 2

Beirut bomb kills six

At least six people died and 72 were hurt when a car bomb exploded in a shopping street in Christian east Beirut. Page 2

Ballot on rail action

National Union of Railwaymen leaders decided to hold a ballot on industrial action among engineering members over planned job cuts. Page 7

10% cut in jobless

About 10 per cent of long-term jobless in nine areas have withdrawn from the unemployment register since being called for interview under a new government programme. Page 4

No visas for Syrians

Britain suspended the issue of visas at its embassy in Syria, following the expulsion of three British diplomats from Damascus this month. Page2

Burst tyre caused crash

The crash of an airliner near Mexico City in March, in which 167 people died, was caused by a tyre which burst after take-off and started a fire, an official report said.

Cyclone death toll rises

The death toll from the Solomon Islands cyclone passed 100 as rescue workers uncovered two dozen more bodies.

Fears for security talks

Concern is growing that the European Security Conference in Stockholm could end in failure after more than two-and-a-half years of talks. Page 3

Concorde decade

British Airways' first transatlantic Concorde service, between London and Washington, began 10 years ago today. Fastest flight was three hours and 15 minutes.

Sterling Hayden dies

Actor Sterling Hayden, who appeared in Dr Strangelove and The Godfather, died in California of cancer, aged 70.

70,000 to run for aid

Seventy thousand people are expected to run in London's Hyde Park tomorrow in the climax of the Sport Aid famine relief campaign. Up to 20m others around the world will also run.

Sun signs

Sunny intervals and showers are predicted for all areas of Britain today, with prospects of better weather later in the holiday weekend. Forecast, Back Page

Financial Times

The Financial Times will not be published on Bank Holiday Monday May 26.

BUSINESS SUMMARY

NEI to shed 800 jobs on Tyneside

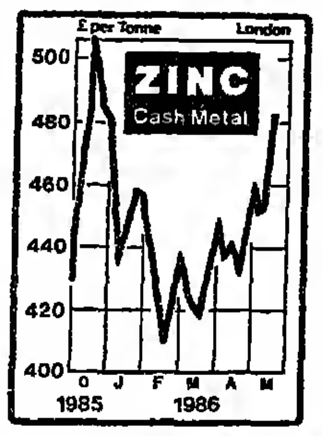
TYNESIDE'S largest industrial employer, Northern Engineering Industries, intends to shed nearly 800 jobs in its nuclear plant and turbine generator divisions. The redundancies stem from a fall in power station orders and attempts to cut costs in the turbine generator market.

The news is a further blow for the northeast, following British Shipbuilders' announcement that it would cut 2,600 jobs in the region. Back Page

FINANCE BILL proposals for cutting excessive pension fund surpluses are unlikely to restrict future pension increases as was feared. Back Page

TOKYO shares rose sharply on expectations of parliamentary elections in June or early July. The Nikkei market average gained 287.65 to a record 16,204.98, surpassing the peak of 16,194.98 set on May 9. World Stock Markets, Page 12; Poll possible. Page 2

ZINC producers raised their European selling prices, encouraging fresh gains on the London Metal Exchange. The



cash position rose £6.50 to a 1986-high of £482 a tonne, giving an advance on the week of £29.75. Page 13

BOND DEALERS' international association is developing an index which would enable futures markets to launch contracts based on Eurobonds. Page 11

RATNERS jewellery chain agreed to terms for the takeover of H. Samuel, valuing the larger company at £149m. Back Page; Jewellery sales, Page 6

BELGIAN transport unions called off a national rail strike in protest at government spending cuts. Other public sector unions were considering their stand. Belgium acts, Page 3

VIRGIN RECORDS unveiled a £20m discount stamp scheme to boost business on Virgin Airways flights over the North Atlantic. Page 6

GEEVOR Tin Mines, Cornwall, has made a fresh application for government aid as part of a £25m plan designed to cut costs and double output. Page 6

LONDON and Manchester, Exeter-based life insurer, said that Ian Henderson, general manager of the investment arm, had resigned after conflicts over investment strategy. Page 4

GENERAL ACCIDENT, insurance group, is to buy 80 estate agents' offices in southern England trading under the names Fox and Sons, Whiteheads and Braxtons.

HANSON TRUST director Anthony Alexander is to take over as chairman of Imperial Group, acquired by Hanson last month, from Geoffrey Kent, who is to retire. Page 4

STANDARD Chartered Bank called Lloyd's Bank's £1.2bn bid misconceived and said it grossly undervalued Standard's shares. Page 10

EXTEL GROUP, information concern, withdrew from the advertising business by selling Royds Advertising Group to McCann-Erickson for £12.5m. Page 10

Botha's party faces challenge for loyalty of police

BY ANTHONY ROBINSON IN PIETERSBURG, NORTHERN TRANSVAAL

SOUTH AFRICA's ruling National Party cannot rely on its own police force to defend its supporters against the far-right Afrikaner Weerstandsbeweging (resistance movement) in the Boer heartland of the northern Transvaal.

This is the conclusion angry NP members were drawing yesterday, as black workers cleared away the debris from Pietersburg City Hall, where hundreds of cheering AWB supporters and strongarm men prevented Mr Pik Botha, the Foreign Minister, from addressing a party rally on Thursday night.

One outraged local party official said yesterday: "General Johan Coetzee (the chief of police) promised us 300 of his best men to guard the meeting. But only 20 young kids turned up and they spent most of the evening sitting under that tree over there."

It took a direct order from President P. W. Botha to clear the hall before the police took any action, he added. That was nearly three hours after the AWB broke into the hall and turned the evening into a humiliating debacle for the NP.

"The trouble is that the police have been totally infiltrated by the AWB," he said. "In a way, you can understand it. The police have had a terrible time over the past two years, long hours of overtime, weeks away from home, being stoned, shot at and petrol-bombed in the townships.

"But something has got to be done, and quickly. I tell you the police are AWB from the very top down. It has got to be changed."

Suddenly the loyalty of the police has become one of the most pressing political issues facing the Government. From Pietersburg angry messages have been sent to President Botha demanding an explanation from, at the very least, Mr Louis le Grange, the Minister of Law and Order.

Mr le Grange has already come under attack from liberal critics who condemn the police role in the troubled black townships. Now he faces an even graver accusation from his own party—that of running a police force which cannot be relied upon to protect the Government's supporters.

"If this is indeed the case, South Africa risks finding itself with an uncontrollable white terrorist movement which will be the mirror image of the ANC (the African National Congress liberation movement), and God help us all if that happens," the party official added.

Even before Thursday, the Government was convinced that far-right reaction to its reform programme was more of a threat to South Africa's stability than the black revolt which has cost over 1,500 lives in 18 months. Not even the military raids this week on alleged ANC targets in three neighbouring countries have placated the Afrikaner right.

The Government may be able

Continued on Back Page
Crossroads resistance, Page 2;
Coins ban, Back Page

Shares gain ground as base rates fall

BY WALTER ELLIS AND GEORGE GRAHAM

PRICES ON the London Stock Exchange moved ahead more vigorously yesterday than on any day since April, following the latest cut in bank base rates.

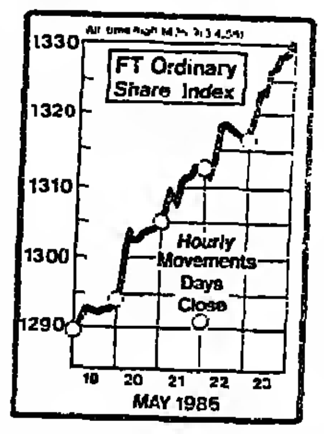
Midland Bank was the first of the clearers to follow the lead given by National Westminster Bank on Thursday. It dropped its rates by half a percentage point to 10 per cent. Other banks followed.

The Bank of England registered its approval of the new interest structure by cutting the rates at which it deals with the money markets by half a point. However, it strongly indicated its resistance to any further drop in interest rates by forcing the discount houses to borrow at the penal rate of 10½ per cent.

Share prices, which had been rising hesitantly during the week, advanced strongly in the morning session adding 15 points to the FT Ordinary Index, which closed at 1331.4.

The more broadly based FT 100 Index finished up 18.6 at 1617.4.

Some nervousness was shown by gilts dealers and others in the day following reports that the Government ... considering attaching sterling to



the exchange rate mechanism of the European Monetary System.

However, no official support was given to these reports. It was pointed out that the Prime Minister, who is abroad, had frequently expressed strong opposition to such a move.

Brokers are divided on their forecasts for future base rate cuts. Some argue for a further drop to 9½ per cent by midsummer while others are convinced that another fall is some way off.

City economists said the speed of any further cut in UK rates could depend on international interest rate movements. A cut in Japanese rates is widely predicted in the coming months but analysts are more cautious over the prospects for lower rates in West Germany or the US.

The West German Bundesbank made no move to cut its 3.5 per cent discount rate at its fortnightly meeting this week. It is still widely thought to be reluctant to bring rates down.

Discussion about the possibility of a cut in US discount rates has increased in the wake of the dollar's recent revival.

The dollar has recovered by more than 5 per cent in the last two weeks from its low point against the D-Mark and the yen. Although the US authorities had voiced some concern over the speed of the dollar's earlier fall, too marked a recovery would cause greater anxiety.

Mr Geoff Dennis, of broker James Capel & Co, said: "Two weeks ago the dollar was another argument against an interest rate cut. Now the strength of the dollar may open

Continued on Back Page
Editorial comment, Page 8;
Money markets, Page 13

Thatcher appeals to US tourists

BY PETER RIDDELL, POLITICAL EDITOR

MRS THATCHER yesterday made a direct television appeal to Americans to come to Britain in the face of a sharp drop in tourism caused by fears of increased terrorism.

During a series of interviews in London with the three main networks and cable television—broadcast at breakfast time in the US — she said: "We are living a perfectly normal life here, with no special precautions and the chance of someone getting struck down by terrorism is about the same as them getting struck by lightning."

In an impassioned appeal she remarked on the tunes of a band rehearsing for the Trooping the Colour ceremony on Horseguards Parade, behind Downing Street, and said: "Please come! Please change your mind! We miss you!"

In the wake of the British Caledonian redundancies and cuts in transatlantic flights Mrs Thatcher conceded that American fears had hit Britain's economy badly, because 25 per cent of the UK's tourists come from the US.

Mrs Thatcher also used the coast-to-coast broadcast to appeal to the US Senate to approve the treaty permitting the extradition of terrorists of all categories to Britain.

She said "You cannot pick and chose between terrorists. They are all murderers and bombers and against democracy. You simply cannot say to Britain, we want you to help us to fight terrorism common to us both, but nevertheless, if some Irish terrorists attack you, they will find a safe haven in the US! You cannot say that."

"We need the extradition treaty and so does America, because we all stand together against men of violence and terrorism. It would be wrong for America to deny it," she said.

Mrs Thatcher referred to the recent expulsion of three Syrian diplomats from the US. She said the communiqué of May's Tokyo summit stated that there had to be clear evidence of state-sponsored terrorism for action to be taken, as in the case of Libya.

"We, at the moment, have no such evidence against Syria of state-sponsored terrorism of anything like the kind that pertains in the case of Libya, but nevertheless, if we did, then we would have to get together and consider what action we take against any such country."

The Prime Minister talked warmly about the US despite the concern over the use of British bases for the bombing of Libya. She said she had no doubt that most British people "know what they owe to Nato, know what they owe to the US but also believe that we are a full partner of the US in defending freedom and justice the world over."

She referred to the parliamentary visit to the Soviet Union, headed by Lord Whitelaw, Leader of the Lords, which started yesterday. The letter she had sent via him to Mr Mikhail Gorbachev, the Soviet leader, underlined her belief in the desirability of a second US/Soviet summit, she said.

The letter covered arms control problems and the desirability, following Chernobyl, of the Soviet Union giving a pledge of good faith. An easy way of doing this would be by allowing more Soviet Jews to emigrate to Israel.

Mrs Thatcher also said that the issue of chemical weapons talks would be raised by Lord Whitelaw, in particular the western belief that the Soviet Union is holding up progress in this area.

Mrs Thatcher said that Mr Gorbachev was quite different from any other Russian leader she had ever met. She referred in particular to his willingness to enter into genuine debate and discussion.

Bank of England's downgrading of Liverpool branch attacked

BY IAN HAMILTON FAZEY AND DAVID LASCELLES

THE Bank of England is to reduce its branch in Liverpool to the status of an agency. The plan was attacked yesterday by Merseyside's business community amid fears that it could affect confidence in the region and its financial services sector.

The Bank is also to downgrade its branch in Southampton as part of a move to adapt its representation to changes in banking. That will leave it with full branches at Birmingham, Bristol, Leeds, Manchester and Newcastle. The Glasgow branch was downgraded in 1981.

Mr Keith Robinson, director of Merseyside Chamber of Commerce and Industry, said: "We are desperately worried about confidence, morale and image. The feeling many of us have is that Liverpool is starting to be abandoned by the establishment.

"Irrespective of economic arguments, to do this at this point is appalling. This is a high-profile national institution. Closing it is an example of the insensitivity of government machinery to all of us in the provinces, and especially people in the north," he added.

The functions of the branch are to ensure an even flow of banknotes, monitor the economic health of the region, and co-ordinate the activities of the clearing banks.

In 1984 there was a row on Merseyside when another function—the operation of same-day clearing in Liverpool — was scrapped. This resulted in local traders in commodities reporting the clearing banks to the Office of Fair Trading, alleging that they had acted as a monopoly.

The Bank's long-standing agent at Liverpool, Mr Norman Broderick, retired last year. Cashless transactions have reduced the demand for banknotes and economic monitoring can be carried out by a small team in the redeveloped Albert Dock complex.

The directors of the Bank can hardly have been unaware of the implications of the decision for local confidence, because one of the non-executive directors is Sir Leslie Young, chairman of the Bibby group, who was knighted for his work as the first chairman of the Merseyside Development Corporation, the government agency in charge of reviving Merseyside's redundant dockland.

Liverpool remains an important centre for financial services. But there has been an ebbing of activity and key personnel to Manchester.

The closure will save the Bank at least £70,000 a year in rates to Liverpool City Council.

Some petrol price rises likely

BY MAX WILKINSON,

SOME LEADING oil companies are preparing to raise petrol prices early next week.

The size of the increases will depend on the fierceness of local competition. Texaco said yesterday it would like to move from a national average of about 159p for a gallon of four star to between 165p and 168p.

The increases will probably be forced by cutting support given to those retailers now offering the largest discounts.

Pump prices in some parts of north-west England have fallen to 145p for a gallon of four star, while in remoter parts of Scotland and Northern Ireland the price is about 179p.

Mr Owen Jenkins, Texaco's UK general manager for marketing and sales, said yesterday the company was making a loss on petrol sales at present prices. It needed an increase to reach its target of a return of 12 per cent on assets employed in the petrol distribution business.

Mr Jenkins led the call for a rise in prices in January 1985 after the sharp depreciation of sterling. The price of a gallon of four star reached a peak of more than £2 soon after, before declining gradually.

Texaco has about 9 per cent of the UK petrol market, giving it the largest share of sales after Shell, Esso and BP, the three leaders which control more than half the market.

None of the three leaders has made any announcement about raising prices. However they are believed to be considering similar moves. One said there was a general feeling in the industry that prices had fallen too far.

It was likely that the larger petrol concerns would follow Texaco's lead but the company thought it unlikely that competitive force would allow prices to rise by more than a few pence for the time being.

Integrated oil companies have depended heavily on their downstream operations, including the sale of petrol, to maintain overall profits since the collapse of crude oil prices earlier this year.

Recently, however, a rise in crude oil prices on the world spot and futures markets and a fall in pump prices has put these profits in jeopardy.

Oil prices, Page 13

MARKETS

DOLLAR	STERLING
New York lunchtime:	New York lunchtime: $1.4945
DM 2.27575	London: $1.496 (1.493)
FFr 7.248	DM 3.405 (3.4025)
SFr 1.886	FFr 10.835 (same)
Y169.65	SFr 2.82 (2.8225)
London:	Y235.75 (253.75)
DM 2.275 (2.279)	Sterling index: 75.8 (76.0)
FFr 7.2425 (7.2575)	**LONDON MONEY**
SFr 1.885 (1.8905)	3-month interbank:
Y169.65 (169.25)	closing rate: 10% (10⅛)
Dollar index: 116.7 (116.4)	**NORTH SEA OIL**
Tokyo close: Y169.2	Brent 15-day June
US LUNCHTIME RATES	$14.45 ($13.75)
Fed Funds: 6¾%	**STOCK INDICES**
3-month Treasury Bills:	FT Ord 1,331.4 (+15.1)
yield: 6.37%	FT-A All Share 793.73 (+0.9%)
Long Bond: 97⅛	FT-SE 100 1,617.4 (+18.6)
yield: 7.46%	FT-A long gilt yield index:
GOLD	High coupon 9.11 (9.13)
New York: Comex June latest	New York lunchtime:
$342.6	DJ Ind Av 1,826.64 (+30.34)
London: $342.25 ($341.0)	Tokyo:
	Nikkei 16,204.98 (+287.65)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 30; Belgium BFr 45; Denmark DKr 8; France 8.00; W Germany DM 2.20; Ireland 60p; Italy L1,500; Malta 30c; Netherlands Fl 2.75; Norway NKr 7.00; Portugal Esc 90; Spain Pta 125; Sweden Skr 7.00; Switzerland Fr 2.20.

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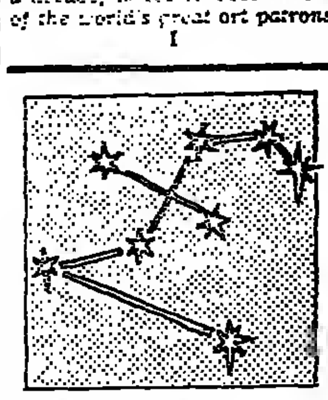
WEEKEND FT

GETTY'S ART

Oil tycoon J. Paul Getty, dead a decade, is set to become one of the world's great art patrons. I



STAR STRUCK

If your investments are doing badly, it may be because you are failing to take correct note of astrological influences. IV

BOOKS

Julian Critchley looks at MPs at work. XVI

OUTDOORS

All the accoutrements of outdoor life—barbeques, garden furniture and swimming pools. XII to XIV

BASE LENDING RATES

	%		%
ABN Bank	10½	Financial & Gen. Sec.	10½
Allied Dunbar & Co	10½	First Nat. Fin. Corp.	11½
Allied Irish Bank	10½	First Nat. Sec. Ltd	11½
American Express Bk.	10½	● Robert Fleming & Co.	10½
Amro Bank	10½	Robert Fraser & Ptrs.	11
Henry Ansbacher	10½	Grindlays Bank	‡10½
Associates Cap Corp	11	● Guinness Mahon	10
Banco de Bilbao	10½	● Hambros Bank	10½
Bank Hapoalim	10½	Heritable & Gen. Trust	10½
Bank Leumi (UK)	10½	● Hill Samuel	§10½
Bank Credit & Comm.	10½	C. Hoare & Co.	10
Bank of Cyprus	10½	Hongkong & Shanghai	10½
Bank of Ireland	10½	Knowsley & Co. Ltd.	11
Bank of India	10½	Lloyds Bank	10
Bank of Scotland	10½	Edward Manson & Co	11½
Banque Belge Ltd	10½	Mase Westpac Ltd.	10½
Barclays Bank	10½	Meghraj & Sons Ltd.	10½
Beneficial Trust Ltd	11½	Midland Bank	10½
Brit. Bk. of Mid. East	10½	● Morgan Grenfell	10½
● Brown Shipley	10½	Mount Credit Corp. Ltd	10½
CL Bank Nederland	10½	National Bk. of Kuwait	10½
Canada Permanent	10	National Girobank	10½
Cayzer Ltd	10½	National Westminster	10
Cedar Holdings	12	Northern Bank Ltd.	10½
● Charterhouse Japhet	10	Norwich Gen. Trust	10½
Citibank NA	10½	PK Finans. Intl (UK)	11½
Citibank Savings	¶10.75	Provincial Trust Ltd	11½
City Merchants Bank	10½	R. Raphael & Sons	10
Clydesdale Bank	10½	Roxburghe Guarantee	11
C. E. Coates & Co. Ltd.	12	Royal Bank of Scotland	10½
Comm. Bk. N. East	10½	Royal Trust Co. Canada	10½
Consolidated Credits	10½	Standard Chartered	10½
Continental Trust Ltd.	10½	Trustee Savings Bank	10
Co-operative Bank	*10½	United Bank of Kuwait	10½
The Cyprus Popular Bk.	10½	United Mizrahi Bank	10
Duncan Lawrie	10½	Westpac Banking Corp.	10½
E. T. Trust	11½	Whiteaway Laidlaw	10½
Exeter Trust Ltd.	11	Yorkshire Bank	10½

● Members of the Accepting Houses Committee. * 7-day deposits 6.38%. 1-month 6.69%. Top Tier—£25,000+ at 3 months' notice 9.72%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6¼% gross. ¶ Mortgage base rate. § Demand deposit 6.35%. Mortgage 11%

Beirut bomb blast kills six

A powerful car bomb ripped through a busy shopping street (above) in the Christian Sin El Fil district yesterday morning where people had ventured out for the first time after two days of heavy shelling, Nora Boustany writes.

At least six people were killed in the blast and over 80 wounded. The Christian militias, the Lebanese Forces, charged that "the terrorist attack had all the markings of Syrian intelligence work on it" dashing hopes for an attempted rapproachement Damascus.

Mr Amin Gemayel, the Lebanese President, had declared just a few days ago that it would be of no use for Lebanon to be at peace with the entire universe if it was in conflict with Syria.

Fierce bombardment of the Christian enclave and the Southern Shi'ite suburbs of Beirut on Wednesday and Thursday shattered a climate of relative stability. Yesterday's explosion, the sixth in Christian districts since January, and the second in the same neighbourhood in a year, mutilated men, women and children, some for a second time.

Ms Sophie Rizk, a 22-year-old woman who lost an eye in last year's car bomb in Sin El Fil, had one of her legs blown off yesterday.

The bomb, estimated by explosives experts at 75 kg of dynamite and mortar shells packed into a Renault 5, missed a school and two printing presses. Twelve buildings were badly damaged in the narrow crowded street and several cars were set on fire.

The Lebanese Forces announced in the afternoon that two suspects were rounded up.

Renewed Moslem-Christian tension this week forced postponement of a meeting between the two communities' highest spiritual leaders. A new Christian draft proposal for reforms and an end to the civil war has been rejected by Moslem figures pushing for a wider share of political power, traditionally favouring Lebanon's Christians.

Ramadan closes Iraqi nightclubs

By Kathy Evans in Baghdad

SEVERAL THOUSAND foreign bar girls have been asked to leave Iraq over the next few weeks following a decision by President Saddam Hussein to cut back on the number of nightclubs which operate in the capital and other major cities. Most of them are Filipinos with a smattering from such other countries as Thailand and Egypt.

For the first time ever, the Iraqi Baathist regime this also ordered that the holy month of Ramadan be observed in the country, and all restaurants outside the first-class hotels where western businessmen stay have been instructed to close between the fasting hours of sunrise and sunset. Smoking during those hours has also been discouraged in government ministries.

The move to enforce strict observance of Ramadan, announced only a day before the month-long fasting period began, took most Iraqis by surprise. A number of Iraqi men sport large pot bellies, testimony to their predilection for the local beer and imported Black Label Scotch.

All nightclubs have been ordered to close down during Ramadan and most cabaret owners are expecting that few will be allowed to reopen after the fast finishes in the first week of June. Hence, all the bar girls are being asked to leave.

Many Iraqis appear to support the decision, on the grounds that the country can no longer afford the drain on foreign exchange the bar girls cause. The women are actually paid in Iraqi dinars but change their earnings into dollars on the black market.

There are about 500 nightclubs and bars in Baghdad, many of them small, gloomy places. The clean-up is expected to include the southern frontline city of Basra, which is in artillery range of Ayatollah Khomeini's guns, and where hundreds of Asian women work as cabaret "hostesses" and dancers. In comparison with other more strait-laced states in the Gulf, Iraq's cities have always offered unadulterated, if somewhat seedy, doses of booze, women, casinos and discotheques.

Iraq appears to have decided that such facilities of pleasure are no longer appropriate for a largely Moslem country at war. About 55 per cent of the country's population is Shia, but the régime is unashamedly secular in ideology. It is this secular attitude which Iran's Imam Khomeini feels must be destroyed in Iraq, and the whole Arab world.

Western diplomats say the decisions to throw the bar girls out and enforce Ramadan does not indicate any shift by the régime to Islamicise the personal codes of Iraqi behaviour.

Ever since the start of the war with Iran, President Saddam Hussein has refused to capitulate to Islamic fundamentalist sentiments and has imprisoned hundreds of supporters of the extremist Al Dawa group following a wave of bombings against state installations. But at the moment, it is "better politics, say diplomats, to be deferential to Moslem feelings.

Iraq is believed to have lost 10,000 men in the February offensive by the Iranians on the Fao peninsula. "The bodies still keep coming. Many families are in mourning, and observing the fast seems only appropriate," says one diplomat.

Iraqi newspapers are full of advice on the social benefits of fasting and the national unity it generates. Diplomats say the imposition of the fast may also help prepare the Iraqi population for the period of economic austerity which lies ahead.

Violence erupts as Hindus call Amritsar strike

BY K. K. SHARMA IN NEW DELHI

VIOLENCE erupted again when the Shiv Sena ("God's Army"), an organisation formed to protect the minority Hindu community, called a general strike at Amritsar yesterday to protest against the killing of 12 Hindus by Sikh terrorists the previous night at the nearby town of Krishna Nagar.

Seven people were stabbed, a shop set on fire and a constable injured in clashes between Sikhs and Hindus, as nearly all shops and businesses remained closed in Amritsar. Many shops remained closed also in Jalandhar, a town about 40 miles away, where the Shiv Sena is a powerful force.

Tension is fast building up in Punjab areas where police have failed to check acts of terrorism by Sikh extremists. Yesterday's general strike at Amritsar was an indication of the growing anger among the Hindus. Many Hindu families have migrated in the past few weeks to the neighbouring Haryana State.

Some observers fear a backlash from the Hindus if killings by Sikh terrorists continue, and this could come against Sikhs outside the Punjab where they are in a minority.

In four years of Sikh terrorism, the only time there has been a Hindu backlash was when Sikh bodyguards assassinated the late Indian Prime Minister, Mrs Indira Gandhi on October 31 1984. At least 2,000 Sikhs were killed in violence thereafter in northern India, but not in Punjab.

Central and Punjab authorities are taking steps to make Hindus in Punjab feel more secure, mainly by intensive patrolling of terrorist-affected areas. Hindus continue to be highly restive, however, because of the apparent inability of the security forces to check the terrorists.

Mr Surjit Singh Barnala, Chief Minister of Punjab, has so far resisted asking the central government to call out the army. But he has admitted that this is one of the options open to him.

Taiwan pilot defected of his own free will says crew

BY ROBERT KING IN TAIPEI

CREW MEMBERS of the China Airlines cargo jet hijacked to China earlier this month confirmed that the pilot defected of his own free will, and indicated that the defection may have been arranged in advance with the Chinese.

The co-pilot and the flight engineer of the Boeing 747 cargo jet spoke at Taiwan's Chiang Kai-shek international airport only a few hours after they and the aircraft were released by China after the first official talks between the two sides in 37 years.

They openly admitted that the pilot, Wang Hsi-chueh, a China Airlines veteran rated as "most trustworthy" by Taiwan's security agencies, told them of his plan to defect after first handcuffing the co-pilot while the engineer was out of the cabin.

Wang landed the jet at Canton's White Cloud Airport on May 3, sparking off a round of third-party talks that ended with airline officials sitting down with their counterparts from the Civil Aviation Authority of China.

This was despite Taiwan's official policy of no contacts, no negotiations and no compromise with the authorities in Peking.

Taiwan's Government has held that violation of these "three No's" would open the door to a Communist takeover of Taiwan.

The plane's co-pilot, Tung Kuang-hsing, said Wang had choked him with a chain and threatened him with an axe, then handcuffed him while the engineer, Chiu Ming-chih, was out of the cabin.

Chiu said he fought with Wang on returning and only desisted when he saw the aircraft was going out of control.

Chiu claimed that the lavish reception the crew received immediately on arrival at the airport, only 20 minutes after the hijacking seemed to indicate the pilot had apparently arranged the defection in advance with the Chinese authorities.

Intelligence analysts here have speculated that Wang had either been a long-time "mole" for the Chinese or had been recruited within the past few years because of his dissatisfaction with his job and conditions in Taiwan.

Whatever the cause of Wang's defection, it has shown up the intense desire of Peking to bring the nationalist authorities on Taiwan to the negotiating table, and the growing realism with which the people of Taipei and its Government are starting to view "big China."

Nakasone may call poll

BY JUREK MARTIN IN TOKYO

MR Yasuhiro Nakasone, Japan's Prime Minister, is to hold a press conference today at which he may, according to some sources, announce his intention of calling a general election on July 6, or shortly thereafter.

What is not clear is whether, as a price for securing an election, Mr Nakasone will have to renounce his ambitions of serving an extra term as LDP president, and hence Prime Minister, beyond October, when he is due to step down. It had been thought he wanted to ride an election victory into a rewriting of the party rules against a third term.

Opposition to an election appeared yesterday to have been whittled down to only one significant element of the ruling Liberal Democratic Party, the faction headed by Mr Zenko Suzuki, the former Prime Minister.

His resistance, together with that of the opposition parties, could still frustrate or delay Mr Nakasone's plan, which is to convene an extraordinary session of the Diet (Parliament) early next month with the intention of an almost immediate dissolution.

A double election of both houses of the Diet, the preferred date for which had been June 22, appeared a probability before the Tokyo summit and a distant possibility immediately thereafter. Its restoration as a likelihood has been the product of the most extraordinary and impenetrable infighting, in which perhaps the only plain factor has been the pervasive belief inside the LDP that it would do well if one were called.

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Residents in Crossroads set to resist relocation

BY JIM JONES IN JOHANNESBURG

HOMELESS people from the devastated Crossroads squatter camp outside Cape Town seem set to clash with the authorities this weekend as they attempt to rebuild their gutted homes rather than be relocated elsewhere.

Amid a stream of allegations and counter-allegations about the role of the police in a week of fighting which has destroyed the homes of an estimated 50,000 people. Mr Chris Heunis, Minister of Constitutional Development and Planning, has insisted the area will not be rebuilt.

He is also insisting that people will be obliged to move to Khayelitsha, an area set aside for blacks, which is further away from their places of work in Cape Town.

The National Council Against Removals (NCAR) claims the police have attempted to force Crossroads residents to move to Khayelitsha by paying black vigilante groups to attack those who will not do so.

The police have said their role is to protect law-abiding people, not to become involved in the fighting itself. By yesterday, the death toll had risen to 32.

Mrs Maggie Mbambo, a Crossroads civic leader who led a delegation which met Mr Heunis, claimed the police and vigilantes were working together to force residents to move to Khayelitsha. She said people would not move and they were prepared to fight to stay in the squatter camp.

Now, with winter rains starting to sweep across the Cape Peninsula, health workers fear outbreaks of gastro-enteritis and respiratory diseases among the homeless, even though thousands of refugees are being sheltered in temporary camps established by relief organisations and churches.

Reuter reports: South Africa's trade surplus rose to Rand 973m in April from R782.9m in March, and was higher than the R775.5m surplus in April last year, Customs and Excise figures show.

Exports rose to R3.08bn in April from R2.71bn in March, while imports rose to R2.11bn from R1.93bn.

Total exports for the first four months rose to R12.33bn from R10.77bn in the same period last year, while imports rose to R8.90bn from R7.40bn.

Aquino Government moves to spur economic growth

BY SAMUEL SENOREN IN MANILA

THE GOVERNMENT of President Corazon Aquino yesterday opted for an expansionary monetary policy in what appeared to be a determined bid to prop up business activity and spur growth in the economy this year.

The central bank initiated the move, cutting by 1 percentage point the amount of reserve that commercial banks are required to keep against deposit liabilities to 22 per cent from 23 per cent since last year.

The reduction which is to take effect on Monday would immediately free up about Pesos 600m (£24m) in new funds for lending to cash-starved businesses.

The thrust of Mrs Aquino's Government is a complete turnabout from the highly contradictory policy which the Philippines under the regime of President Ferdinand Marcos worked out with the International Monetary Fund in late 1984.

Mrs Aquino, who left Manila yesterday for a two-day tour of the guerrilla-infested city of Davao, and Cebu in the southern part of the country, wants to negotiate a new agreement with the IMF which would loosen up on money supply and place emphasis on economic growth.

Mrs Aquino's economic advisers have argued that the policy under Mr Marcos's Government led to a contradiction of the economy in 1984 and 1985, largely because money was kept tight to meet targets committed to the IMF.

Monetary authorities had hoped to sign a new agreement with the IMF next month to replace one which was signed by the former Government in 1984.

But negotiations with the IMF have been moved to July because the Aquino Government is having difficulty financing a huge deficit in the budget which was carried over from the Marcos régime.

With a more liberal monetary policy, the Aquino Government hopes to achieve a growth in the economy of at least 1.3 per cent in 1986 compared with a negative growth of 3.9 per cent in 1985.

UK curbs visas for Syrians

BRITAIN announced yesterday that it is suspending the issue of visas in Damascus. The action was taken because of staff shortages in the British Embassy following the Syrian expulsion of three British diplomats, writes our Middle East Staff.

The diplomats were told to leave in retaliation for similar action against Syrian embassy personnel in London whom British police had wanted to interview in connection with the attempt to smuggle a bomb on board an El Al airliner at Heathrow airport.

Mr Tim Eggar, a Foreign Office Minister, said in a written Commons answer yesterday that procedures for granting visas to Syrians had also been tightened. They will now have to attend an interview and their application will be forwarded to London.

A Foreign Office official would not confirm that the action on visas formed part of the "further action" which had been promised in the wake of allegations that Syria was implicated in terrorist actions.

مركز الأهرام

OVERSEAS NEWS

Belgium acts to reduce public sector

BY PAUL CHEESERIGHT IN BRUSSELS

THE BELGIAN GOVERNMENT yesterday embarked on a determined attempt to reduce the size of its public sector through major spending cuts and tentative moves towards privatisation.

"The reorganisation we are starting is without any doubt one of the most important our country has ever known," Mr Wilfried Martens, the Prime Minister told a noisy Parliament.

The Government is seeking not only to rein in public spending which, even after four years of economies is still running at a deficit equal to 11 per cent of GNP but also to diminish the importance of the public sector in the economy.

It has thus signalled a start to privatisation, notably of the telecommunications authority, and made clear that in future private investment will be sought for what previously have been public sector responsibilities, like the running of airports.

While ranging public spending cuts are contained in a budget for this year and next. "The impact on the budget of this year will be limited, but in 1987 economies will rise to BFr 195bn," Mr Martens said.

The Government expects its net financing deficit this year to be BFr 640bn and next year BFr 624bn without cuts. The effect of the decisions it has just taken, after 47 days of negotiation in the cabinet, will be to reduce the net borrowing need to about BFr 410bn. The aim is to cut it to 8 per cent of gross national product by the end of 1987.

Calculations of the effects of the cuts have been on the basis of an expected volume growth in GNP this year of 1.3 per cent and inflation of 2.5 per cent. Next year the GNP growth is expected to be 2.2 per cent and inflation 1.5 per cent.

Mr Martens suggested that although the cuts will act as a brake on the economy, they will be largely offset by the more favourable international economic environment. Lower interest rates for example will reduce debt servicing by BFr 29bn. Any increase in unemployment—currently over 12 per cent—will be absorbed in 1988.

Cuts fall most heavily on social security spending and education, but industrial subsidies are to be reduced and funds to the regions and local bodies will be less. The Government expects to save an unspecified amount by consolidation of its debt, about which talks will soon start with institutional investors.

Publication of the details of the Government's budgetary plans took place against the background of scepticism about whether the cuts would be as severe in their application as in their planning — a point of view shared by the Federation des Entreprises de Belgique and the Socialist Party.

Peace talks on Afghanistan suspended

By William Dullforce in Geneva

TALKS between Pakistan and Afghanistan on an Afghan peace settlement have been suspended until July 30 with two key issues unsolved, Mr Diego Cordovez, the UN mediator, said yesterday.

There was still a wide gap between the two sides over the timetable for the withdrawal of Soviet troops from Afghanistan, Mr Cordovez said. He would not specify what the other problem was, but said he had proposed a one-paragraph text to resolve it

A suggestion that it concerns the mechanism for controlling implementation of a peace agreement was contained in a report by the Pakistani news agency on Thursday.

Quoting a spokesman for the Pakistani delegation in Geneva, the agency said Pakistan wanted the UN to play a supervisory role while the pro-Soviet régime in Kabul was opposed to any third party involvement.

No indication has yet come from any source about how a third issue, the integration of representatives of the Afghan opposition into a post-settlement government in Kabul, will be resolved.

Hopes for a political agreement on the future of Afghanistan grew after President Ronald Reagan and Mr Mikhail Gorbachev had discussed the subject at the US-Soviet summit meeting last November. Afghanistan has been in crisis since Soviet troops occupied Kabul in December 1979.

EEC food radiation check urged

BY QUENTIN PEEL IN BRUSSELS

A MONITORING system to control the radiation levels of all food imports into the EEC was proposed yesterday by the European Commission, as the next phase of safety measures in the wake of the Chernobyl nuclear disaster.

The controls would replace the current outright ban on all food imports from Eastern Europe, which expires on May 31. The ban has been bitterly attacked as arbitrary and unjustified by several of the countries affected.

The Commission plan would set an acceptable level of radioactive traces in all imported food stuffs of 500 becquerels, with a stricter level of 100 becquerels applicable to milk and baby foods.

Before it can come into force, it must be accepted by all 12 member-states, whose officials held an inconclusive first round of discussions yesterday.

If they fail to agree either on a renewal of the current import ban, or on its replacement by some form of controls, it will simply lapse on May 31.

The Commission plan would leave the controls up to the individual member-states, who would be free to enforce different standards for their own domestic production.

A central monitoring unit would be set up in Brussels to pool information on any imports found with more than the agreed levels.

Experts believe that the greatest problem is now likely to be caesium 134 and 137, rather than iodine 131 which has been the major concern up to now. Caesium has a longer half-life, and can have a cumulative effect.

The proposed controls would cover all food imports, including processed and tinned products, from all third countries rather than simply Eastern Europe.

OBITUARY

Altiero Spinelli: seer of grander Europe

BY JAMES BUXTON IN ROME

ALTIERO SPINELLI, the Italian Euro-MP who died in Rome yesterday at the age of 79, represented in its strongest form the Italian ideal of a united Europe.

He was author of a grand design, approved by the European Parliament in February 1984 as a draft treaty of European union.

Under this, the European Parliament would have become far more important than it is now, and the present Council of Ministers would have acquired the powers of a supra-national Cabinet, presiding over a bureaucracy based on the present EEC Commission.

Such was the impetus that Mr Spinelli gave to the project that EEC member-states did agree to consider it and in 1985 at the Milan summit, presided over by Italy, decided to hold a conference to discuss itan idea angrily opposed by Mrs Margaret Thatcher, the British Prime Minister.

But the conference and the Luxembourg summit that followed last December produced meagre results compared with what Mr Spinelli had envisaged. He called the outcome a "dead mouse."

Others, however, regarded the Luxembourg settlement, ratified later by Italy (which had wanted more) and by Denmark (which had wanted less) as a valid step in the process of reducing the egotism of Europe's nation states.

Mr Spinelli's political background was with the Italian left. He was a clandestine Communist in the 1920s and spent 10 years in prison or internal exile under Mussolini.

He became a devotee of European unity as propounded in the post-war years, not just by Robert Schuman and Conrad Adenauer, but by Alcide De Gasperi, Italy's greatest post-war leader.

Mr Spinelli, who was an Italian EEC commissioner with responsibility for industry between 1970 and 1976, was distressed at what he saw as the creation of a bureaucratic Europe, with little democratic participation in decision-making.

Strains show through for Mitterrand and Chirac

By Paul Betts in Paris

THE difficult cohabitation between President Francois Mitterrand and the new French right-wing government has come under strain after the Socialists failed by five slim votes to block the Government's bid to steamroller through the National Assembly changes in the French electoral system.

Relations between the Socialist President and Mr Jacques Chirac, the conservative Prime Minister, have been strained further by a fresh effort by Mr Chirac to show he plays a key role in foreign policy which President Mitterrand believe is, together with defence, his prerogative.

After insisting on attending the recent Tokyo summit of industrial countries, Mr Chirac has now needled President Mitterrand further by publicly stating his views on a number of major foreign policy issues including the US Strategic Defence Initiative (SDI) and South African sanctions.

In contrast to Mr Mitterrand's wariness over SDI, the Prime Minister told the French diplomatic press that he supported the programme and said France could not afford not to be associated with it. In contrast too with Mr Mitterrand, the Prime Minister said he opposed the idea of economic sanctions against South Africa.

Soviet diplomats face shake-up

The key Soviet Ambassadors have been recalled to Moscow for meetings this week following the biggest shake-up in the Soviet Foreign Ministry for over 20 years, Western diplomats said yesterday, Patrick Cockburn reports

The recal of the ambassadors coincides with the appointment of two deputies to Mr Eduard Shevardnadze, the Soviet Foreign Minister, who replaced Mr Andre Gromyko after 28 years, last June.

The two new deputies in Mr Shevardnadze are Mr Yoli Vorontsov, former Soviet ambassador in Paris, and Mr Anatoli Kovalyov, both named as First Deputy Foreign Ministers, this week.

Weinberger pledges consultation on chemical weapons

BY HILARY BARNES IN COPENHAGEN

THE US Secretary of Defence, Mr Casper Weinberger, confirmed yesterday that the US will consult with the North Atlantic Treaty Organisation (Nato) over contingency plans for the deployment of chemical weapons in Europe, and said that planned production of the weapons will first begin when consultations have taken place.

"When our contingency plans are ready, we will consult with Nato as we always do, and we shall then be ready to go into production," he said at the end of a 20-hour visit to Denmark.

The US received Nato's approval for resumption of production of chemical weapons after a lapse of 16 years when Nato defence Ministers in Brussels on Thursday approved Alliance countries' force goals.

There is, however, considerable opposition in the US Congress to the plan to produce chemical weapons again and Congress has made two conditions before it will release funds for the project. One is approval by Nato and the other is production of contingency plans for deployment of the weapons.

Some members of Congress have suggested that the Administration needs approval by the North Atlantic Council—the Nato Foreign Ministers including France — for the chemical production plan. But Mr Weinberger said this was "a technical error." The Council does not have jurisdiction over force goals, which is the province of the defence ministers.

"The fact is, we believe we have secured Nato approval," he said.

Three countries — Denmark, Norway and Holland—recorded their objections to the plan at Thursday's meeting.

● Mrs Margaret Thatcher, the British Prime Minister, said yesterday that the Soviet Union should stop making chemical weapons.

Mrs Thatcher said criticism of the US, which plans to resume chemical-weapons production, is misplaced, AP reports from New York.

"It is the Soviet Union who is at fault in making and stockpiling chemical weapons," she told the US cable news network. "It is they who should be asked to stop."

The US decision to resume nerve gas production has split the North Atlantic Treaty Organisation.

Some allies said Thursday the rift jeopardises chances of winning a global ban on chemical arms. Britain, along with West Germany and Canada, were the only Nato allies in full support of the US plan.

Concern grows for Europe security conference

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

CONCERN is growing that the European Security Conference in Stockholm could end in failure after more than two-and-a-half years' negotiations.

The conference, which includes the US and Canada and all the European countries except Albania, began in January 1984 with a mandate to negotiate a series of conference and security-building measures designed to reduce the risk of war in Europe.

According to Mr Robert Barry, head of the US delegation, "the possibility of failure looms large."

The Stockholm Conference on Security and Disarmament, part of the CSCE process (Conference on Security and Co-operation in Europe) now has only 10 negotiating weeks left before its September 19 deadline and the CSCE follow-up meeting due to begin in Vienna in November.

In a statement at the end of the latest session, Mr Barry said that after 71 weeks of negotiations, "all of the major substantive issues remain to be settled. Time is very short

There has been discussion among delegates on what sort of mini-package could be accepted if the Nato and Warsaw Pact countries fail to agree on a more substantial final document.

But the US at least has warned clearly that a so-called "minimalist outcome," is unacceptable.

Cuts 'could delay Star Wars programme'

By Reginald Dale, US Editor in Washington

THE WHITE House yesterday warned that President Ronald Reagan's Strategic Defence Initiative (Star Wars) programme could be seriously delayed by drastic funding cuts called for on Capitol Hill this week.

The proposed cuts could set back the "informed decision." planned for the early 1990s, on whether to go ahead with the space defence system, it said.

The cause of the White House's concern was a letter signed by 46 Senators demanding a huge reduction in Mr Reagan's request for the programme for the coming fiscal 1987 budget year—from $4.8bn (£3.2bn) to just under $3bn.

The letter, signed by nine of Mr Reagan's own Republicans, represented a severe challenge to his plan for rapid increases in Star Wars spending at a time when the entire defence budget is under acute pressure on Capitol Hill.

Sponsors of the letter to the Senate Armed Services Committee said that with more time, they could have signed up more than half of the Senate's 100 members.

Mr Reagan's request will face even tougher opposition in the Democrat - controlled House, where pressure is growing to freeze Star Wars funds at this year's figure of $2.76bn.

The 46 Senators called for spending on the programme to rise by no more than 3 per cent above inflation, compared with the 74 per cent requested by Mr Reagan.

Opponents unite in Dominican Republic

THE TWO leading candidates in presidential elections in the Dominican Republic yesterday agreed to join a government of national unity, Reuter reports from Santo Domingo.

Mr Jacobo Majluta of the ruling Dominican Revolutionary Party (PRD) and Mr Joaquin Balaguer of the Social Christian Reform Party (PRSC) made the announcement after a two-hour meeting at Mr Balaguer's house.

Before the announcement, the 78-year-old Mr Balaguer, a former president, was leading by 41,000 votes with the count 95 per cent complete.

L and M Group fund manager quits after row

BY NICK BUNKER

MR IAN HENDERSON, the aggressive fund manager who helped lead a shake-up of the UK investment trusts, has left London aod Manchester Group, the successful Exeter-based life insurer.

Disagreements over investment strategy have prompted Mr Henderson's resignation as general manager of the group's £1bn investmeot division, L and M said yesterday. It added that by mutual agreement he had also left the board of the company subsidiary — the 1928 Investment Trust.

Mr Heoderson, an actuary, joined L and M in 1980 from Scottish Equitable Life Assurance.

He is one of several fund managers for big institutional investors who used their large shareholdings in investment trusts to secure policy changes, takeovers or unitisation aimed at boosting the sector's profit performance.

His involvement reached a controversial peak io June 1984, when L and M took over 1928 Investment Trust with the aim of converting it into a "trust of trusts," taking stakes in other investment trusts and managed in-house by Mr Henderson.

Dr David Jubb, L and M's chief executive said Mr Henderson was leaving "on good terms."

Mr Henderson could not be reached for comment yesterday. L and M said that the operation of 1928 Investment Trust "had not been a success," although it was happy with the basic policy of runoing a trust of trusts.

The 1928 Investment Trust, which is 51 per cent owned by London and Manchester, built up in early 1985 a 7 per cent stake in London Trust, a 97-year-old investment trust of which Mr Henderson is a director.

Last June, London Trust began a somewhat controversial policy of specialised investment in US venture capital through a partnership with Hambrecht and Quist, a San Francisco investment bank.

Mr Jubb said that London Trust's performance had not been satisfactory.

"American venture capital was the name of the game. Venture capital results can take a long time to come through," he said.

Results for the half-year ended September 30 1985, showed a fall in London's Trust's net asset value per share to 91.4p, down from 114.3p a year previously.

Shah boosts management team at Today

By Fiona Thompson

MR EDDIE SHAH is to boost his management team at Today, the pioneer colour tabloid newspaper launched 11 weeks ago.

"A stronger management structure will be put in," Mr Shah said yesterdsy. Speculation that he was about to be replaced was totally untrue. Mr Shah said he was "staying on as chairman and chief executive" of News (UK), publishers of Today. The bigger management team meant that he would "have more people around me to help run the company."

Mr Shah denied a report in yesterday's Guardian newspaper quoting a News (UK) director confirming that thet company had run into financial problems and was seeking extra support.

"We have had some cash flow problems in the past, but these are now sorted out," he said. "We are not rushing around frantically trying to find fresh funds."

Mr Shah says the paper is now selling more than 500,000 copies a day. He had initially hope for sales of 1m. "We have a situation where the company has not developed as planned," he acknowledged.

Advertising rates have been discounted, in addition to a 20 per cent cut in rates announced last month to reflect the lower-than-expected circulation.

Today has had to increase its staff by 100 since the March 4 launch of the paper.

MSC scheme deters claimants

BY ALAN PIKE, INDUSTRIAL CORRESPONDENT

ABOUT 10 per cent of long-term unemployed people in nine areas have withdrawn from the unemployment register since being called for interview under the Governmeot's pilot Restart programme.

Repeated across the country when Restart becomes a national scheme on July 1, that would mean a drop of about 130,000 in the 1.3m people registered as having been without work for at least a year.

The nine Restart pilot areas contain more than 35,000 long-term unemployed people. There is no firm ioformation on why nearly 4,000 are no longer on the register, although ministers and officials assumed from the start that the scheme would shake out some individuals who have been claiming benefit while working in the black economy.

It would be inaccurate, however to suggest that all the vanishing claimants represent cases of fraud.

At Crawley, Sussex, about 25 per cent of 1,100 long-term unemployed people invited to the local Jobcentre for interview are no longer on the register. But this is partly explained by the fact that the town has an exceptionally low unemployment rate of 5.8 per cent. Even though the long-term unemployed face particular difficulties in finding work, there is still much more chance of their doing so in Crawley than in many areas.

"Some other people have left the unemployment register because they have been claiming the wrong benefit," said a Manpower Services Commission official.

"We have, for example, discovered during interviews that claimants are not available for work because of looking after sick relatives and should be receiving invalid care allowances rather than unemployment benefit."

Ministers and MPs will maintain a keen interest in the extent to which the Restart programme highlights cases of people who have been making false unemployment benefit claims. But MSC officials are anxious to concentrate on the positive aspects of the programme, which is designed to help the large majority of people who are genuinely unemployed improve their chances of finding work.

From July 1 everyone in the country who has been registered as unemployed for a year or more will be invited to one-to-one interviews at Jobcentres. Staff levels in the MSC's employment division are being increased by 2,000 to cope with the exercise.

The intention is to direct long-term unemployed people to job vacancies where they exist, or to places on the Community Programme and training schemes. A special short training course has been devised to accompany Restart. This will help people who have been out of the labour market for long periods improve their employment skills.

Hanson director to chair Imperial Group

BY MARTIN DICKSON AND PETER MONTAGNON

MR ANTHONY ALEXANDER, a director of Hanson Trust, is to take over from Mr Geoffery Kent as chairman of Imperial Group, the tobacco to brewing business, which Hanson acquired last month after a fierce £2.6bn takeover battle.

Mr Alexander, 48, specialises in taking control of UK companies acquired by Hanson. He bas assumed such roles at UDS, the stores group, Every Ready, the battery company, and Loodon Brick. He will retain his responsibility for Hanson's brick and battery interests in addition to his Imperial portfolio.

Mr Kent, chairman and chief executive of Imperial for the past five years, will retire on June 2.

Executive responsibility will be devolved to the heads of Imperial's three divisiona — tobacco, brewing and food — in line with Hanson style.

Hanson has appointed Mr Andrew Reid, chairman of Imperial Tobacco, as Imperial Group deputy chairman. Ha will be succeeded at the tobacco division by Mr Peter Harper, head of Allders, Hanson's department store business.

Mr John Bloxcidge will remain chief executive of Imperial Tobacco.

Hanson has arranged a fresh £250m, seven-year credit in the international capital markets to finance its takeover of Imperial.

Led by Chemical Bank, the deal effectively replaces an earlier £1bn credit assembled in March before the bid went through. This deal has successively been cut to £250m and now cancelled.

Hanson will make significant cost savings on the new operation which carries interest of ⅛ per cent above money market rates for the first three years rising to ¼ per cent thereafter. The margins on the original loan started at ¼ per cent and rose to ⅜ per cent.

Expectations that the original loan would eventually be refinanced surfaced as soon as the credit was launched in March, as banks normally charge a premium to finance contested takeover bids.

Lead managers of the new deal will be the same as those which underwrote the original operation. Besides Chemical they are Banque Parisbas, Credit Lyonnais, Credit Suisse, Midland, Samuel Montagu, Sumitomo Bank, Toronto-Dominion and Union Bank of Switzerland.

Lotus to develop £70,000 'supercar'

By Kenneth Gooding, Motor Industry Correspondent

GROUP LOTUS is to develop a "supercar," in which most of the functions, such as four-wheel drive and four-wheel steering, will be controlled by a computer.

This "flagship for Lotus technology" will cost about £70,000 at present prices.

Mr Alan Curtis, whose appointment at Lotus chairman was announced yesterday, said the development of a top-of-the-range model was one of several new projects possible, the company's futures having settled through the £22.7m takeover by General Motors of the US.

He also said that, far from damaging Lotus's growing business in engineering contracts, the GM connection seemed to have had the opposite effect.

New engineering contracts had been signed after the announcement of the GM purchase, one with a big French group.

Mr Mike Kimberley, who remains managing director of Lotus, said the company had £25m of engineering work on its books and had turned away new business.

Lotus expected to raise turnover by 1990 from about £17m last year to £80m, with engineering accounting for about half.

By then, the company should be building 5,000 cars a year, compared with 770 last year.

This should be possible after the launch, early in 1989, of a new, cheaper Lotus sports car, the X100, at £11,000 to £12,000.

Given the backing of GM, the world's largest automotive group, Lotus had been able to re-think its long-term strategy, Mr Kimberley said.

The X100 project had been delayed — the car was to be launched in the autumn this year — as part of this process.

It was now no longer certain that Toyota engines and transmissions would be used in the X100, but some components from the Japanese group would be.

Lotus has already increased its engineering staff from 57 in 1983 to 300 and is now looking for 70 more people. If all goes according to plan, the company will also need to increase its car production workforce from 400 to about 850.

Compensation plan for out-of-work marine pilots

BY DAVID THOMAS

THE GOVERNMENT has announced details of a statutory compensation scheme for surplus marine pilots.

The Department of Transport expects that about 400 out of the 1,200 pilots who are self-employed will not be needed as a result of plans to transfer responsibility for pilotage to harbour authorities. Mr John Moore, the Transport Secretary, said yesterday in a parliamentary answer that legislation to be introduced as soon as possible will provide for an industry-funded statutory compensation scheme.

Under the scheme, pilots aged over 50 who are not needed will receive a sum equivalent to one year's earnings. Pilots over 60 will have their compensation reduced by one fifth for every year they exceed that age.

The pilots' pension fund will make available £15m towards the scheme's cost. The port authorities will recover through their pilotage charges the remainder of the cost.

The British Ports Association yesterday welcomed the arrangements, provided that the compensation legislation will be linked with legislation transferring responsibility for the pilots to the ports.

Managers buy Gomba offshoot

By Tony Jackson

GOMBA STONEFIELD, the military vehicle subsidiary of the bankrupt Gomba Holdings, is to be sold by the receivers to a management buyout team for an undisclosed sum.

The money will go to the Bank of England, owners of the collapsed Johnson Matthey Bankers, one of whose main debtors was Gomba Holdings.

The buyout team is headed by Mr Michael Hendrie, Mr Richard Zatloukal and Mr George MacLean, all previously with Gomba. Institutional backers are Target Fund Management, Arbuthnot Latham and the Kent Economic Development Board.

Minister backs call to delay Channel bill

BY PETER RIDDELL, POLITICAL EDITOR

MR MICHAEL HOWARD, Trade and Industry Under-secretary and the MP for Folkestone, yesterday took the unusual step of publicly backing a call to the Governmeot to allow more time to petition against the Channel tunnel development bill, to be debated by the Commons early next month.

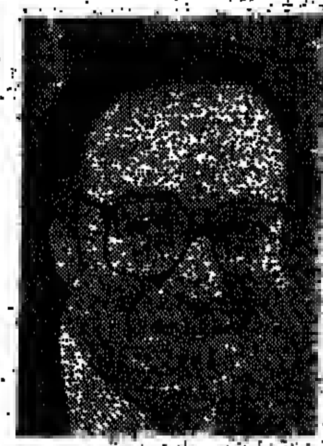
He is supporting an amendment put down by Mr Leon Brittan, a former Trade and Industry Secretary and an old friend of his. The amendment is to Government motion to set the time limits for petitioning against the Bill, and has the effect of seeking to extend the deadline for all petitions from the government date of June 17 for individual petitioners to June 27.

The suggested deadline is so early that some petitioners might not have time to register objections. The amendment would provide more time and delay the bill.

Mr Brittan said yesterday he thought the Government's original timetable gave not enough time to individuals, such as those in Mr Howard's constituency, who might need guidance in petitioning against the bill.

Mr Howard faces considerable local protests against the Channel Tunnel, which would affect Folkestone. But as a Trade and Industry Minister, he is unable to put down an amendment in his own name.

He said yesterday he would be available at his constituency all day on June 7 to advise constituents who wish to petition against the bill. "If Mr Brittan's amendment is accepted, my constituents will have nearly three weeks after that date in which to file their petitions," he said, adding that he "very much hoped that the Government will be able to look sympathetically at this amendment."



Michael Howard: facing local protests

The Rochdale pioneering spirit adrift among the high street store groups

David Churchill reports on the dwindling power of the co-operative retail movement

THIS WEEKEND Llandudno, the Welsh seaside resort town, will be invaded by several hundred conference delegates, many well past middle age. They will spend the Bank Holiday weekend debating the future of the co-operative retail movement.

On past form, the debate will be devoid of meaning and ineffective in halting the steady erosion of the co-op as a retail force in Britain.

Still nominally Britain's biggest retailer, with more than 6,000 shops and total sales of more than £4.5bn, co-op retailing appears to many to be a spent force. "Co-op shops are quite appalling in comparison with the other major supermarket multiples," asserts Mr Ian MacLaurin, chairman of Tesco.

"They no longer pose any competitive threat to us — I can't remember the last time their name was raised within Tesco. The whole co-op movement needs a good shake-up."

The co-op's share of retail sales has fallen steadily since 1980 — from 6.4 per cent to 5.2 per cent last year — at a time when Britain's stores have experienced an unparalleled sales increase.

In grocery sales alone, both Tesco and Sainsbury now have a bigger market share than the co-ops, even though the multiples have between them roughly only a tenth the number of supermarkets operated by the co-ops.

Every other type of retail operator has outperformed the co-ops in the 1980s. While the co-ops' sales have increased by 15 percentage points since 1980, the sector as a whole grew by 38 percentage points and grocers in particular increased sales by 46 percentage points.

At the same time, the number of stores in the movement has fallen to 6,000 from over 9,000 in 1980 and customer-shareholders dropped from 10m to 8m.

While the rest of British retailing has emerged as one of the most dynamic sectors of the economy, what has gone wrong with the co-op?

"A trading organisation on the defensive," is the view of the co-op movement of the past two decades put forward by Mr James Wood, a former co-op executive in the 1960s who is now chairman of the Great Atlantic and Pacific Tea Company, a leading US food manufacturer and retailer.

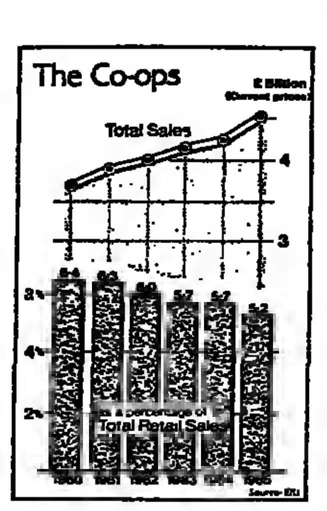
The penalty of being on the defensive, he adds, has been to lose "volume and market share, incurring higher costs and less profit, which in turn reduces the amount of cash in the business and therefore the ability to fund capital programmes."

This defensiveness emerged as a direct result of the abolition of resale price maintenance in 1964. Manufacturers could no longer dictate shop prices, so more aggressive retailers — especially supermarket chains such as Tesco — increased sales volume through cutting margins and prices. The co-ops could no longer rely on high gross margins to cushion their inefficient style of retailing.

The Co-op movement had its origins in the Lancashire textile town of Rochdale where, in the 1840s, the harsh living conditions of Victorian Britain — especially expensive and poor quality groceries — inspired the start of a new approach to the supply of food for ordinary working people.

About 28 workers — known to generations of co-op members as the Rochdale Pioneers — banded together to form a co-operative society. They bought and sold food to ensure that members could buy good cheap produce.

Ian MacLaurin: "Co-op shops are quite appalling compared with the other major supermarket multiples"



At the same time, the society provided much-needed social and educational facilities for its members. Any financial surplus was given back to members in proportion to their purchases — the famous co-op "divi."

The idea caught on and, at its peak in 1900, there were about 1,400 retail societies with boards of directors elected by more than 12m customer-members. Other types of producer co-operatives also emerged to feed the retail societies.

This heritage is, not surprisingly, a source of great pride for the modern co-op movement. But, unfortunately, it has left a legacy of independence and thinking which is out of step with today's trading conditions in Britain.

The core problem with the co-op retail movement is its structure. Each of the 8m customer-members are shareholders in the 95 retail societies spread throughout the UK. About a third of these societies are comparatively tiny — their combined turnover accounts for less than 1 per cent of total co-op sales — while the largest 25 societies have some three-quarters of total sales between them.

The problem is that most of these societies are fiercely independent, often run by small cliques of elderly lay directors who, while meaning well, see the local co-op as their personal fiefdom.

The movement has been aware of this problem for some time. Successive co-op congresses since the 1950s have formulated plans for creating 25 large regional societies and urged the retail co-ops to merge. But such mergers as have come about have usually been to stave off bankruptcy and the regional plan is still no more than a pipe dream.

This decentralised structure is totally at odds with the trend in the rest of the retail world, which has increasingly seen the development of large centrally-run multiple chains. "The co-ops are too fragmented and lack an overall marketing policy," says MacLaurin. "It's as though I let all our branches run themselves in their own way — it's commercial madness."

Some central direction is provided by the Co-Operative Wholesale Society, which acts primarily as the manufacturing and wholesaling arm of the retail movement and is owned by the 95 societies. But many of these societies are jealous of the CWS's power and its more effective, professional operations, and only about three-quarters of total purchases by societies are made from the CWS.

Three years ago the CWS, frustrated by the societies' lack of progress made towards merging, sought a merger itself with Co-Operative Retail Services. Traditionally, CRS was the co-op movement's "ambulance" service, taking over ailing societies on the verge of bankruptcy. This eventually brought it to the position of largest co-op retailer.

However, its rescue of the moribund London Co-Op in 1981 severely strained its resources. The CWS itself was forced to step in later to rescue other societies in trouble and, in the process, reluctantly became the second largest retail grouping in the co-op movement.

A merger of the two organisations would not only have created a trading organisation with sales of more than £3.5bn, but after three years of tortuous negotiations, the internecine politics, the idea was abandoned.

At Llandudno this weekend delegates will be faced with the stark reality facing the co-op movement: there are still too many small shops, not enough investment in large stores and retail technology, and no cohesive marketing strategy.

Should the democratic and co-operative principles of the Rochdale Pioneers be sacrificed to survive and prosper in the competitive retail world. Many of the Llandudno delegates still feel that the co-op is losing touch with its origins.

However, in a retail world looking to the 1990s, the spirit of the Rochdale pioneers brought up to date may still not be enough to reconcile commercialism with co-operation.

Alcohol market faces a 'change in tastes'

BY LISA WOOD

BRITAIN'S £15.2bn alcohol market is going through a transition as changing consumer lifestyles and tastes open new sectors and threaten traditional drinks such as beer according to a report from Euromonitor, the market research organisation.

The report forecasts decreasing total volumes over the next five years but higher value with the growth of more expensive types of alcohol and alterations in retailing patterns.

"Prices have been maintained at an artificially low level in the food multiples," said Euromonitor. "We believe that as their share stabilises, pricing will become less critical and prices will regain their true level."

Although expenditure on alcohol is up by 55 per cent since 1980, said the report, growth had not been consistent in all sector of the market. The beer market had slumped because of high unemployment levels reducing demand, while the general health trend had assisted in a move away from strong, heavy drinks. The supermarkets had muscled into the market, increasing the importance of women as drink selectors, but lowering prices.

Growth areas in the next decade would include wine and lager, said Euromonitor. It also forecast the growth of "added value" products (items commanding a premium price because they are perceived by the consumer as offering superior qualities) such as low strength liqueurs, premium lagers, sparkling wines and wine-based sparkling fruit drinks known as "coolers."

"That these products are mostly non-traditional is evidence that UK consumers are becoming more discerning, more cosmopolitan and more adventurous," said Euromonitor.

The Alcoholic Drinks Report Price £235.00 from Euromonitor Publications, 87-88 Turnmill Street, London EC1.

ECONOMIC DIARY

TODAY: Mrs Margaret Thatcher, Prime Minister, starts four-day visit to Israel

TOMORROW: National Association of Teachers in Further and Higher Education starts two-day annual conference, Brighton. European Disarmament Conference ends 10th session, Stockholm.

MONDAY: EEC Agriculture Ministers start two-day meeting to finalise 86-87 farm price and reform package, Brussels. EEC Finance Ministers meet, Brussels. Mr Douglas Hurd, Home Secretary, in New York for talks on police problems.

TUESDAY: London Housing Aid Centre statement on housing problems of job seekers. Sir Geoffrey Howe, Foreign Secretary, meets US Secretary of State Mr George Shultz, Washington. British economic experts on fact finding visit to Santiago (until May 30). East-Central African (PTA) economic two-day summit, Bujumbura, Burundi. Lugano international banking conference (until May 29).

WEDNESDAY: Balance of payments current account and overseas trade figures for April. New vehicle registrations in April. March figures for overseas travel and tourism. FT two-day conference on telecommunications and the European business market — planning tomorrow's trade routes, Hotel Inter-Continental, W1. National Association of Head Teachers annual conference opens, Cardiff (until May 30). Sir Geoffrey Howe arrives in Halifax, Nova Scotia, for talks on North Atlantic. FT 1986 motor industry two-day conference on vehicle distribution and marketing, Geneva. Willis Faber, and Guardian Royal Exchange annual meetings.

THURSDAY: March energy trends. EEC Public Health Ministers meet, Brussels. International Forex Club meeting, Dublin (until June 1). Swiss National Bank spring statement. US April leading indicators. BAT Industries annual meeting. General Council of British Shipping annual statement. NATO Foreign Ministers open two-day meeting, Halifax, Nova Scotia. IAEA nuclear safety experts discuss aftermath of Chernobyl, Vienna.

FRIDAY: First quarter provisional figures for finished steel consumption and stock changes. First quarter company liquidity survey. Mr Kenneth Baker, Education Secretary, addresses National Association of Head Teachers annual conference, Cardiff.

Virgin Atlantic offers fare discount in record shops

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

VIRGIN RECORDS group, which owns Virgin Atlantic Airways, is starting a £20m discount stamp scheme to *stimulate* traffic on north Atlantic flights.

The scheme follows the announcement this week that British *Airways is to give away* 5,600 return tickets on its flights from the US to Britain on June 10, so as to improve flagging business.

Announcing the scheme yesterday, Mr Richard Branson, chairman of Virgin group, denied that it meant Virgin Atlantic was in difficulties. "This month we had an 80 per *cent load* factor," he said.

After hearing of the BA offer to travellers from the US, "we could not see why only they should benefit. We believe a gesture to British passengers would be in order. We are not just giving away tickets to our American cousins to reward them for being afraid to fly to the UK."

He also said the move was not entirely a "philanthropic" gesture.

Under the scheme, any customer in a Virgin shop who spends more than £5 will get *stamps (one for every £5 spent)* exchangeable for discounts on Virgin flights to the US and the Netherlands.

Five stamps will entitle a customer to a 5 per cent cut in air fares. The current Virgin Atlantic return fare, London-New York, is £378, so that a customer with 50 stamps (at a cost of £250), and so a 50 per cent discount, would buy a ticket for £189.

The stamps can also be used against purchases of records, or *tapes in Virgin shops.*

Mr Branson claimed this was probably the biggest discount stamp operation since the height of the Green Shield era

Richard Branson: aims to attract more passengers

BCal 'will still seek SE listing'

BY MICHAEL DONNE

BRITISH CALEDONIAN Airways intends to develop and strengthen itself without any external aid, and to seek its own listing on *the Stock Exchange* "in the foreseeable future."

Sir Adam Thomson, the chairman, informs staff in the latest *issue of the* group's newspaper that BCal retains the financial strength, "to remain firmly independent," in spite of the temporary problems this summer in the airline's trading position.

Sir Adam stresses that the difficulties over declining traffic on North Atlantic and other routes, which have led to 1,000 voluntary redundancies and other cuts, had nothing to do with the recent talks—now abandoned—with International *Leisure Group* about possible collaboration or merger.

"We are not in the market for mergers or takeovers, and we do not seek *hand-outs* from any source," Sir Adam states.

"The only external help we need is in the form of workable government policy to enable us to develop through competitive initiative. The first major test of this is our bid for Japanese routes.

"Subject to the Government fulfilling the promise of its Airline Competition Policy, Japan and Korea are within sight and will form valuable network extensions," he adds.

"The transatlantic should cure itself, and in time the oil industry will see its way out of recession.

"We are poised to realise the substantial potential of our excellent inter-continental network, as the economic climate changes for the better and as our cost-efficiency factor is tuned to a fine pitch.

"Simultaneously the competitive attractions of the A-320 Airbuses gives us the chance for an expanded and profitable short-haul operation.

"Far from being in a state of economic siege, we have acted with speed and implemented difficult decisions, to keep our current trading balances on an even keel, shore up our overall financial stability and to stay on course for growth and success."

Printed circuit maker plans US plant

BY PETER MARSH

FLEXIBLE TECHNOLOGY, a UK manufacturer of specialist printed circuits, is planning a £1m production plant in the US.

Mr Peter Timms, managing director, said yesterday the factory, to be on the east coast, should be operating by next year.

He said a US plant was *necessary* if the company was to maintain its level of sales to the US electronics industry.

Last year one third of the company's £2m sales were to the US. Mr Timms said he expected sales this year to be worth £3m and a similar proportion would be to the US.

The company, which started in 1981 and is part of Cambridge Electronic Industries, an industrial group based in Cambridge, operates from Rothesay on the Isle of Bute about 30 miles from Glasgow.

It specialises in printed circuit boards which are flexible enough to be folded like the pages of a book so they fit into small spaces.

Such products are especially useful in avionics and military applications where electronic equipment has to be as small as possible.

The market for products is small but growing rapidly. Mr Timms said world sales of flexible circuit boards were worth about £250m of which £140m was in the US and £11m in the UK.

CEGB chief advocates nuclear fuel development

By David Fishlock, Science Editor

THE CHERNOBYL disaster has badly shaken public confidence in nuclear power and cast gloom over all nuclear activities, Lord Marshall, chairman of the Central Electricity *Generating Board*, said in Scotland yesterday.

But depleted uranium, used in fast reactors, provided Britain with energy which dwarfed the reserves of the North Sea and exceeded the UK's commercially viable coal reserves.

"We cannot possibly turn our backs on that," Lord Marshall said. He was speaking at the inauguration of the nuclear industry's latest laboratory for the development of new reprocessing technology for spent nuclear fuel.

The £6m facility, named the Marshall laboratory, is working on new process technology for Thorp, the £1.65bn thermal oxide reprocessing plant under construction at Sellafield, Cumbria. But its main purpose is the development of new reprocessing technology for fast reactor fuels.

It was shown yesterday to guests from Britain's partners in the European fast reactor club, which is developing a new European plutonium-fuelled reactor for commercial use early next century.

The Marshall laboratory is an important element *in* Britain's case for playing host to a £200m European reprocessing plant for fast reactor fuel.

A public inquiry into these plans is being held at Thurso, near Dounreay, where the nuclear industry proposes to build the reprocessing plant in the 1990s.

Lord Marshall said he believed Britain would be using plutonium fuel in fast reactors "in a major way through most *of* the next century."

He admitted that the timescale for full exploitation of fast reactor technology was unclear "and there is plenty of room for differences of opinion on this matter."

The important thing was that within the UK nuclear industry everyone wanted to get on with fast reactor technology "as fast as society and public opinion will permit us to do so."

Geevor presses for government aid

BY KENNETH MARSTON AND KEVIN BROWN

CORNWALL'S loss-making Geevor Tin Mines has applied again to the Department of Trade and Industry for aid. This is the centrepiece of a £25m, five-year plan to cut the mine's production costs and to double output.

In the Commons, Mr Peter Morrison, Industry Minister, promised a decision by June 2 on Geevor's latest application.

Geevor, which has its mine at Pendeen, believes it can restore the operations to profitability by its own efforts, given Government grants or low *interest rate* loans.

Mr Keith Wallis, chairman, said yesterday: "We are now looking to the Government to play its part."

The plans, which depend on "a prompt and generous response" to the application, include underground work at the existing mine and opening a new mine nearby at Botallack.

This would provide new supplies of good tin ore in place of the portion of low-grade material from surface dumps, which has been needed to supplement mill feed.

Further supplies of mill feed would result from the proposed acquisition, for 2.2m new shares, of Marine Mining Cornwall Consortium. This operation would dredge the seabed between Perran Bay and Land's End, which is estimated to contain more than 20,000 tonnes of tin.

A further proposal is for a £2.5m rights issue of new *Geevor shares.* They would be offered on the basis of two at 26p each for every one held. The existing shares weakened 14p to 31 yesterday having fallen previously from 72p with the collapse in tin prices this year.

Tin is trading on the free market at less than £4,000 a tonne. Geevor's production *costs, when the mine suspended* operations in April, were about £8,000 a tonne.

The mining plans now offered are to trim to about £6,500. It is thought that the market price will rise above £6,500 in the meantime.

In the Commons, Mr Morrison refused to give a time for a decision on a government assistance application by RTZ, which runs the Wheal Jane, Pendarves and South Crofty mines in Cornwall.

The minister was responding to renewed pressure from Cornwall MPs for action to save tin mining.

Mr David Harris, Conservative MP for St Ives, said Geevor had done everything possible in its revised application to meet Government wishes.

Mr David Penhaligon, Liberal MP for Truro, said there were overwhelming arguments for assisting the industry until the tin price had recovered to a level whereby marginal production *costs would be covered.*

David Harris: everything possible has been done

Move on council contracts bias

BY KEVIN BROWN

THE GOVERNMENT is considering legislation to outlaw discrimination by local authorities against contractors on political grounds.

Plans for legislation were dropped last year after the Law Lords ruled local authority contracts could be subjected to judicial review on grounds of "reasonableness."

Ministers said this was sufficient to ensure that companies prevented from tendering for contracts on political grounds—such as links with South Africa—could obtain redress.

There have been a series of complaints by Conservative MPs, however, that the existing law has failed to prevent abuses by councils.

Mr Richard Alexander, Conservative MP for Newark, said in the Commons yesterday that some councils had demanded donations from companies for social projects in Vietnam and Nicaragua.

Mrs Angela Rumbold, the Environment Under-secretary, said there were problems in framing legislation which would proscribe political discrimination yet ensure contractors *observed* the law in areas such as health and safety regulations.

However, Mrs Rumbold told MPs: "If proper provisions can be drafted and it can be clearly demonstrated that the benefits of further legislation outweigh the risks I have described, then the department will certainly give every consideration to legislating at the earliest opportunity."

Precious jewellery sales 'will decline'

BY LISA WOOD

SALES OF precious jewellery in the UK are forecast to lose their sparkle in 1986, according to a report published yesterday.

The report from European Data & Research, sponsored by the International Gold Corporation and De Beers, the diamond merchants, examines precious jewellery manufacturers and sales in the UK but excludes "fashion" jewellery, which could be made from a variety of non-precious materials.

The report's *pessimism,* published on the day of Ratner's agreed £149m acquisition of H. Samuel, the leading multiple *retailer,* contradicts more optimistic forecasts by other market research organisations this year.

According to the EDR report in 1985 there was a 5 per cent increase in the number of gold and diamond jewellery pieces sold compared with 1984 while the number of silver jewellery pieces continued to decline, giving a total unit increase of 3 per cent. Average prices increased during 1985, so that the total market value rose by an estimated 8 per cent to approximately £1,140m.

The report said, however: "If precious metal and diamond prices remain stable or declin*ing,* coupled with the *slow* rate of general cost inflation and the price competition at retail level, we foresee only small price rises in 1986 and, overall, an increase in retail jewellery turnover of under 5 per cent. "In terms of unit sales the report forecast zero to 2 per cent.

The loss of market momentum would vary across the country.

The report *said* the *discount/* low price end of the market also seemed to be running out of steam and specialist low-price retailers were likely to *face* more competition from non-specialist newcomers. "Another development which could have important repercussions on the low-price of the trade is the activity of Ratners, who are dedicated to the promotion of low-price merchandise," said the report.

1986 UK Jewellery Market Report. Price £180 from European Data & Research, 222-225 Strand, London WC2.

Whitelaw leads trip to Moscow

By Peter Riddell, Political Editor

LORD WHITELAW, the Deputy Prime Minister, yesterday flew to Moscow at the head of an all-party group of 14 MPs and peers including Mr Denis Healey, Shadow Foreign Secretary.

He carried a letter from Mrs Margaret Thatcher, the Prime Minister, to Mr Mikhail Gorbachev, the Soviet leader, setting out the views expressed at the Tokyo seven-nation summit earlier this month. The letter stresses President Reagan's desire for a further meeting with the Soviet leader later this year.

The group's 10-day visit is expected to include a meeting with Mr Gorbachev as well as visits to Leningrad and Georgia. It comes under the auspicies of the Inter-Parliamentary Union, a cross-party friendship group and is in return for Mr Gorbachev's visit to the UK shortly before he became Soviet leader.

Lord Whitelaw will express the Prime Minister's belief in *mutual security and mutual* respect for different systems. He is expected to stress Britain's desire to advance international co-operation on the *safety* of nuclear power.

The British group includes politicians with a wide variety of views, ranging from the Tory right to Soviet sympathisers on the Labour left.

مكتبة الأمل

Financial Times Saturday May 24 1986

UK NEWS—LABOUR

NUR to hold industrial action poll over Brel

BY DAVID BRINDLE, LABOUR CORRESPONDENT

LEADERS of the National Union of Railwaymen decided yesterday to go ahead with a ballot on industrial action among 25,000 members in British Rail's engineering workshops.

The threatened disruption could have an immediate impact on rail services because the union is to ballot not only British Rail Engineering (Brel) workshops, due to bear the brunt of planned job cuts, but also BR's own regional maintenance depots.

BR said last night: "It could bite very quickly. A workshops strike could be very damaging for BR and Brel, and for customer confedence. It could affect the jobs of everybody on the railways."

The decision of the NUR's executive committee to hold a ballot on industrial action followed the announcement last Tuesday of 5,000 more redundancies in Brel and BR workshops, indicating a loss of a total of almost 8,00 jobs by 1989.

Mr Jimmy Knapp, union general secretary, said he believed more than 20,000 workers could be hit ultimately because of the "ripple effect" of the cuts. The BR strategy, which was preparation for privatisation of Brel, would leave the UK short of capacity in railway engineering.

Jimmy Knapp: Fears 20,000 lost jobs

Indicating that the union would devote much attention to winning public support for its stand, Mr Knapp said the campaign was "about eliminating overcrowded trains, breakdowns, delays and cancellations — and stopping the flow of freight traffic away from our industry."

The NUR will be looking to the Confederation of Shipbuilding and Engineering Unions to fall in line with the campaign for industrial action. The confederation claims to represent most of Brel's 23,000-workers.

The confederation's railways sub-committee has already backed the idea of an industrial action ballot, but the key decision may not be taken until the organisation's executive committee meets on June 5.

Meanwhile, the NUR faces a tough challenge in trying to ensure a majority for action in its ballot. Last year, its 11,000 railway guard members delivered a stinging rebuff to the leadership by rejecting proposed action over driver-only trains.

Also, many of the workshop members facing redundancy will be attracted by the prospect of compensation likely to be worth as much as £15,000 for each worker aged over 50.

POA fails to set date for ballot

By Mani Deb

The prison officers' dispute looks set to drag on as leaders of the Prison Officers' Association failed to give the go-ahead for a ballot of its 19,000 members on a Home Office formula for a settlement.

The POA had hoped to hold a ballot on June 3 after reaching a settlement with the Prison Department which led to the suspension of industrial action over manning levels. But grave doubts were expressed by delegates at the union's conference in Folkestone this week on the formula for an agreement.

Executive members of the POA will meet again next week and are expected to seek fresh talks with the Home Office before holding a ballot.

The executive claimed victory in the dispute after negotiations in London last month, but the Prison Department later told governors no concessions had been made on manning.

A ban on overtime by prison officers last month led to widespread rioting and vandalism in several jails, and a number of delegates at the conference called for fresh industrial action even if that entailed more rioting.

Unions 'in danger of becoming irrelevant'

BY PHILIP BASSETT, LABOUR EDITOR

TRADE UNIONS are in danger of finding themselves irrelevant to workers' needs, according to Mr John Edmonds, general secretary of the General, Municipal and Boilermakers' Union.

In an article in the forthcoming issue of New Socialist magazine, Mr Edmonds expands on what is becoming a new avenue for union thinking, efforts and operations.

The approach involves unions' recognising that the traditional, but essentially defensive, reasons people have for becoming union members are no longer credible, he says.

Mr Edmonds says unions have been unable to stop "poverty pay" in low-paid areas and, since they have been unable to prevent job losses and redundancies, they cannot claim that unionisation is all that stands between a worker and job insecurity.

Unions still see "an automatic and unproblematic identity of interest between trade unions as institutions and working people" but for many workers in what Mr Edmonds sees as "the new front line"—mostly women working part-time in service industries—"trade unionism is distant, belongs to other types of workers and is increasingly preoccupied with very inward and frankly incomprehensible wrangles."

He rejects the "market unionism" approach of some unions—principally the electricians' union EETPU—because he says it is geared to only a small part of the workforce with an already high level of pay and security.

Mr Edmonds argues that unions should put themselves forward as champions of the new exploited workers who are products of "a servant economy more than a service economy."

Unions must increasingly find a place in the non-work areas of members' and potential members' lives by making themselves central to current popular culture "from sports to rock concerts," and by providing benefits to members "not only as workers but also as consumers, as holiday-makers, as parents, as motorists."

Mr Edmonds says new priorities are necessary in the workplace. These include equal rights, health and safety, working environment, basic pay and conditions

Employment white paper attacked

By Our Labour Editor

THE GOVERNMENT'S proposals on women who work outside the home, in its employment deregulation white paper, were sharply criticised yesterday by the Equal Opportunities Commission.

Commission leaders will seek to meet Ministers on the paper's proposed changes in employment provisions for women. The commission said it had not been consulted about them and knew nothing of them until newspaper reports yesterday.

The commission was especially unhappy with:

- The £25 fee to be paid by claimants in order to bring a dismissal case before an industrial tribunal.
- The raising, from five to 10, the minimum number of employees at a company whereby it would have to provide new mothers with their jobs, or suitable equivalents, on return from maternity leave.

Merchant navy officers call for wage freeze

BY DAVID THOMAS, LABOUR STAFF

THE MERCHANT navy officers' union, Numast, has called for a six-month wage freeze to help North Sea supply companies affected by the fall in oil prices.

Six leading supply companies, negotiating through the General Council of British Shipping, have asked for labour cost cuts of between 25 per cent and 30 per cent from July 1 to meet the crisis.

They had suggested to the unions two main ways in which these savings could be met: crews should move from working a one month on, one month off cycle, to a cycle of one month on, two weeks off: and pay cuts should be implemented.

Numast rejected these proposals but has come up with a 10-point cost saving package.

Numast rejected these proposals. It own 10-point cost saving package includes changing the maximum tour of duty from five weeks to six, quicker crew rotation arrangements, the end of the right to first class rail fares and a reduction in certain bonuses.

The employers and Numast will meet next week for further talks.

Bus strike hits N. Ireland

BUS SERVICES in Northern Ireland were at a virtual standstill yesterday because of a 24-hour strike.

The walkout, by drivers in the Transport and General Workers Union, was the second day-long stoppage to hit the province in eight days in a dispute about pay and new work practices.

There were no services in Belfast and huge traffic jams built up as more cars took to the roads.

Improved offer for chemical workers backed

By David Thomas, Labour Staff

UNIONS representing 30,000 manual workers in the chemical industry are recommending their members to accept an improved offer from the Chemical Industries Association which would raise weekly minimum pay from £90.25 to £96.90.

The offer consists of 5.3 per cent in new money, plus 2.1 per cent from the inclusion in basic rates of some existing payments. This amounts to a 7.4 per cent increase in minimum weekly pay.

The negotiations include companies such as BP Chemicals, Albright and Wilson, CIBA Geigy and Laporte, but they also influence non-participating chemical companies.

- Unions representing about 30,000 manual workers in ICI have rejected an offer of 4.4 per cent on weekly rates.

BAe strikers delay launch of experimental fighter

BY MANI DEB

STRIKERS at British Aerospace have delayed the launch of the £180m latest technology jet fighter being produced at its Wharton, Lancashire, division under the Experimental Aircraft Programme.

The aircraft, known as the EAP and expected to be about 30 per cent faster than present fighters, will not be ready to fly by the end of May target date and could miss the Farnborough Air Show in September.

The strike by 6,000 hourly-paid workers over pay and conditions has also halted the production of Tornados and components for Airbus 320 wings for the past four weeks.

BAe says the strikers have been offered a three-year pay deal with the rise for 1986 being 5.17 per cent, the amount accepted by the other 10,000 workers in the military aircraft division.

The Amalgamated Engineering Union, which represents most of the strikers, is rejecting any long-term deal unless the pay for 1986 is also negotiable. It says the three-year deal is not worth 18 per cent as claimed by BAe.

About 2,000 workers staged a protest march in Preston, yesterday in support of the pay claim. They were backed by staff from other BAe factories around the country.

BAe says the long-term deal aimed at maintaining continuity of production after the AEU and the electricians' union EETPU rejected this year's offer and began an overtime ban and a shorter working week from January.

The action delayed Tornado production and, at the end of April, management helped to fly out two aircraft for the Saudi Arabian air force to avoid paying penalties for late delivery. This led to the walkout.

APPOINTMENTS

ICI names new chairman for paints division

From August 1 the chairman of ICI paints division will be Mr Herman Scopes, currently a director of the petrochemicals and plastics division. He succeeds Mr David Barnes who, as previously announced (Financial Times, May 22) is to become an executive director of ICI. Mr Scopes joined ICI in 1960. Having been a director of the former petrochemicals division, he was appointed a director of petrochemicals and plastics division in January 1985. He is the current chairman of Phillips Imperial Petroleum, a joint company owned by ICI and Phillips Petroleum Company.

★

Mr Kenneth Dixon has been appointed vice chairman of LEGAL AND GENERAL GROUP. He succeeds Mr Ronnie Taylor who is retiring. Mr Dixon is chairman of Rowntree Mackintosh. He was appointed a non-executive director of Legal and General in 1984.

★

Mr Robin Irison has taken over as president of the INSTITUTE OF TAXATION; Mr Roy Jennings has become deputy president and Mr Jack Hardy has become vice-president. Mr John Martin will be retiring as secretary in August and his successor will be Mr Ronald Ison.

★

CEMENT-ROADSTONE HOLDINGS has appointed Mr Gerald Valkier a director. He is managing director of Windmill Holland, fertiliser manufacturing company, and non-executive chairman of Van Neerbos Beheer, a CBH subsidiary.

★

TECHNICAL AUDIT GROUP has appointed Sir Kenneth Corfield and Mr Solly Gross as non-executive directors.

★

The SOCIETY OF COMPANY AND COMMERCIAL ACCOUNTANTS has elected as president Mr R. K. Morris, Goodyear Tyre and Rubber Company (GB), and as vice president Mr R. P. Spooner, Polytechnic of the South Bank.

★

Mr Gerald McLay, managing director of THORN EMI LIGHTING—Australia, will become director and general manager of the lighting systems division in July. Reporting to him are three general managers: Mr Clive Wheeler (commercial luminaires), Mr John Pegg (control gear and emergency lighting) and Mr Bill Milford (exterior and industrial luminaires), and Mr Ron Bright who continues as associate director US sales. Mr Bob Steele is to become director and general manager of the international division in July. He joins from Lucas Lighting. Mr Alex Halberstadt has been appointed director and general manager of the halogen lamp division. He was manager, fluorescent and tungsten, halogen lamp development and engineering.

Mr Andrew Osmond becomes director and general manager of the incandescent lamp division. He was associate director—marketing. In addition to his current responsibilities for the manufacture of fluorescent and discharge lamps, Mr Henry Levy assumes responsibility for manufacturing development—part of the central services structure.

★

As part of a reorganisation of Wimpey Asphalt and Wimpey Hobbs, Mr Andrew Panter has been appointed managing director of WIMPEY HOBBS, and a director of Wimpey Asphalt. He was managing director of Wimpey Waste Management.

★

Reorganisation of ROCKWELL AUTOMOTIVE (UK) Thompson division has resulted in Mr Geoffrey Bicknell, previously director of sales and marketing, being appointed managing director of the division which has been renamed motor pressings division. Other appointments include: Mr Michael Evans, manufacturing director, Mr Jim Morgan, sales director, Mr Tim Bell, finance director, and Mr Terry Ball, personnel director. The axle housing pressings operation, previously part of the Thompson division is now integrated into the Maudslay division's axle business but will continue to be managed by Mr Nigel Dick, managing director. Mr Brian Bromley has been appointed works manager of the axle housings operation.

★

BRITISH RAILWAYS BOARD has appointed Mr Simon Osborne has been principal assistant legal adviser in succession to Mr Michael G. Baker, who retires at the end of next month. Mr Osborne has been principal assistant solicitor in charge of the parliamentary and general division of BR's legal department since 1981.

★

Mr F. W. Crowley and Mr D. H. Cowle have been appointed divisional directors of BINNIE & PARTNERS, with responsibility for water treatment and UK projects respectively. Mr Cowle was formerly director of business development. Mr Richard Warren takes over this role.

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Facing up to slower growth

THE TIMING of the UK base rate cuts led by National Westminster Bank on Thursday may have surprised financial markets but they were almost bound to come sooner or later. It would have required levitation to keep rates above 10 per cent indefinitely given the falling cost of money in the rest of the world, the sharp fall in domestic inflation and the disturbing slowdown of economic growth in the past year. The fact that UK interest rates are still well above those in other European economies, bar Italy, helps to account for renewed speculation about sterling's entry into the European Monetary System: a majority of economists now accept that British borrowers will pay a premium so long as the UK remains out in the cold.

The declining rate of economic growth may, indeed, prove a more important determinant of interest rates than inflation now that the latter is at such a manageable level. One of the achievements of Conservative economic policy, following the 1980-81 slump, was to stabilise Britain's growth rate at an encouraging 3 per cent a year. The stability now seems lost. The latest official figures show that, adjusting for distortions such as the 1984-85 coal strike, growth has been only 1½ per cent in the past year. As the National Institute points out in its gloomy economic review, British growth is now not only low by international standards but also probably below the productive capacity of the economy. This is a sharp contrast to 1983-85.

The aggregate figures help to explain why the Government has been suffering so much embarrassment this year at the hands of weak manufacturing companies, from Westland to British Shipbuilders. Overall, the economy may be growing slowly but the performance is uneven. In the first quarter, North Sea output was buoyant even if oil prices were tumbling and service industries continued to expand modestly. In manufacturing, however, output and employment have been falling.

Achilles' heel

There is good reason why the fact of slower growth has taken time to sink in. In manufacturing at least it partly reflects a change in statistical techniques. It always used to be the case that preliminary estimates of output were subsequently revised upwards: statisticians, like accountants, tended to err on the side of prudence. The caution annoyed politicians who decided that if the figures were always revised upwards, estimates of these revisions could be incorporated in the initial guesses. That way first impressions would be good impressions. The irony now is that preliminary estimates are having to be revised downwards: the Government is being forced to admit that things were worse than it first reported. This does not make for good public relations.

Lower inflation and slower growth are helping to ease interest rates down but do not yet seem to have had much impact on the economy's Achilles' heel—pay settlements. In the year to March, unit labour costs in industry rose by more than 8 per cent, far faster than in any of Britain's competitor countries. The growth of wages is easily outstripping gains in productivity (even allowing for the possibility that these are underestimated in the official figures) and may partially account for the steady increase in unemployment since last November—slower growth, of course, will also have played a part in this.

Pay freeze

With low inflation, a reasonably demanding exchange rate and subdued unions, British managers' willingness to concede much larger pay awards than their counterparts overseas remains something of a mystery. It is true that wage increases have been modest compared with the dramatic improvement in corporate profitability since 1981 and that both wages and profits in the UK were low by international standards in the early 1980s.

But it seems unlikely that the behaviour of profits is a full explanation of the buoyancy of real wages. The prevalence of the "going rate" mentality is another culprit. The danger is that the policy of awarding "inflation plus a bit extra" will not adjust to the fall in inflation from 5 per cent to 3 per cent or even less later this summer. The stickiness of wages has prompted at least one City economist to reconsider the virtues of a pay freeze this autumn. The aim would be to inflict a short sharp shock on the wage-setting process.

The approach the present Government has favoured in the past is to seek to influence private sector settlements through its control of the public purse strings. The awards announced this week for nurses, doctors, the armed forces and top public servants, although postponed in payment, are unlikely to slow the momentum of wages in the rest of the economy: the increases range from 6.5 per cent to 8.2 per cent, fully in line with the overall norm of 7.5 per cent. If the National Institute's projections of uninspiring growth are well-founded, the gap between the aspirations of workers and the living standards the economy can deliver will widen with obvious implications for unemployment.

BENETTON EXPANDS

From rags to riches

By Alan Friedman in Milan

A FEW weeks ago on Italian television, an interviewer was questioning Mr Mario Schimberni, chairman of the Montedison chemicals group.

As is the custom on Italian chat shows, the Montedison chairman was asked his opinion of various "personaggi" or famous people. He quickly attacked Mr Gianni Agnelli, the Fiat chairman who is his main adversary, and then remarked in highly equivocal terms on Mr Carlo De Benedetti, Olivetti's chairman.

When asked to name Italy's most outstanding entrepreneur, however, the acerbic Mr Schimberni did not hesitate: "Luciano Benetton," he proclaimed, naming the long-haired and soft-spoken 51-year-old founder of the eponymous sweater and jeans company.

The success of Benetton in Italy and around the world has been well documented, but now the company, which is based in the village of Ponzano, near Treviso, 20 miles north of Venice, is planning a major expansion. This calls for ambitious growth in the clothing business and unexpected diversification into financial services: all just 20 years after the company was started by Luciano and his sister Giuliana. At the time he was a shop assistant and she a garment factory worker.

The Benetton success formula was based on the company's ability to combine fashion with industry, using advanced technology such as computer-aided design. The formula, which threw away the standard rule book on retailing, called for the creation of a marketing package in which distinctive Benetton shops sold only simple and brightly coloured Benetton clothes. Much of the piece-working is farmed out and thus done outside Benetton's main factory, allowing the company flexibility in production costs.

A brief stroll through the computer-aided design centre at Ponzano, where a young woman stands at a drafting board with a "digitiser" in hand, tapping out the co-ordinates of a sweater front, displays Benetton's technological edge. Apart from the computer-programmed cutting machines, which turn out 15,000 full garments every eight hours, there is the General Electric Mark III data transmission system, which gives daily updates on sales.

Then there is the highly modern factory, located a few steps across the garden from Luciano's office in a 17th century restored villa. At the factory, workers can dye unbleached wool garments in 270 colours for quick stock replenishments which are then despatched round the world within days.

Oddly, the most dazzling aspect of the Benetton operation is its recently-completed £20m automated warehouse, capable of handling up to 40m garments a year, and staffed by fewer than 10 people.

Financial success has been equally eye-catching. The company, owned by Luciano, Giuliana, and their brothers Gilberto and Carlo, has just unveiled a 140 per cent leap in net profit to L96bn (£42m) on L880bn (£383m) of 1985 sales.

Next month Benetton is to go public on the Milan bourse: 30 per cent of the offer will be sold to investors in London. The equity issue comes together with planned lira and Euro Deutsche-mark bonds. Taken together these moves should raise an initial £157m, and eventually total as much as £270m.

The company's shares will be offered at 15 times earnings, or less than half the average price-earnings ratio on the booming Milan bourse. The offer will value Benetton on the market at $1bn.

Milan analysts say that is about right for a company which will this year have doubled the size of its world shop network in three years, with 60 per cent of sales now coming from outside Italy.

Following the quotation of 10 per cent of Benetton on the Milan bourse this summer (another 10 per cent will come from the exercise of equity warrants attached to bonds), the company will go into the US commercial paper market in the autumn and hopes to make its debut on Wall Street in 1987.

The company, which has 3,200 shops in 57 countries, has also just announced plans to open nearly 800 shops this year, with the biggest growth coming in the US (161 new shops for a total of 600 by the year-end) and Britain (71 new shops for a year-end UK total of 285). The goal is a total of 7,000 shops in the next five years.

At the same time two bankers Luciano hired from the Bank of Italy as his managing director and finance director will busy themselves with the ambitious financial services strategy. Benetton says it will expand its leasing and factoring subsidiaries, which already generate £175m of business (not in the company balance sheet) a year. "Within two years we hope to achieve a 50-50 mix in group turnover between industrial and financial revenues," says Mr Aldo Palmeri, managing director.

Benetton has just received permission from the Foreign Trade Ministry in Rome to operate outside Italy in factoring.

Benetton already owns 20 per cent of the private Banco di Trento e Bolzano in northern Italy, recently acquired two 10 per cent stakes in leasing companies in France and West Germany which are run by Banca Nazionale del Lavoro, Italy's biggest bank, and plans this autumn to launch a Milan-based investment banking business for the clothing and textile sector, in partnership with another big Italian clothing manufacturer.

This investment banking business will take Benetton into the field of currency swaps, corporate finance, underwriting and syndicated loans.

Mr Carlo Gilardi, Benetton's finance director, concedes that the plan appears to be over-ambitious. The company, he says, has a handful of bankers from Citicorp. "We have currency swap specialists and factoring and leasing specialists," he claims, although he admits that it will be necessary to "enlarge our human and managerial resources substantially to reach our goal."

It is also important to note that the funds being raised on the stock market and the Euromarkets will be devoted almost entirely to expanding the stores network. Leasing and factoring remain in their infancy in Italy, and several other industrial companies, including Fiat and Olivetti, are developing financial services ventures or seeking such ventures in partnership with financial institutions.

Talking about all of this, and looking rather owlish with his wire glasses, open face and long grey-brown hair, Luciano Benetton smiles broadly as he leans across his desk.

The share issue is "a grain of sand in the current Milan bourse," he says, promising that his family will not take its proceeds "to the casino." Instead he notes that the Benettons will probably invest much of the cash in their family-held 13 clothing companies which are, coincidentally, among the sub-contractors which receive Benetton work. These companies, with £200m of annual turnover, are held by the Benetton family's Olimpias and Edizione private holding companies and employ a total of 1,200 people. Benetton itself employs 1,400 workers.

So the Benetton strategy, Luciano says, is for the family to maintain good rapport with its suppliers of yarn and pieceworkers by owning shares in several of them. Likewise the leasing subsidiaries help the same "sub-contractors" (and Benetton itself) in the area of machine and equipment supply.

"We like to have the door open from behind and also in front. Benetton sees its future from an angle of 360 degrees," says Luciano.

The founder of Italy's biggest casual clothing company looks and sounds restless. In a moment of weakness he confesses that he does not wear Benetton clothes that often; he likes to "experiment." His experiment today is a mustard yellow, cotton, button-down shirt from Brooks Brothers on Madison Avenue.

Alberto Calcin

Left to right, Luciano, Gilberto and Carlo Benetton with Giuliano Benetton in foreground

Hot service in the fast food of fashion

THE BENETTON family dislikes calling its network of 3,200 shops in 57 countries a franchise system because the shop owners pay no royalties. Nonetheless, Benetton retailers are subject to a variety of terms and conditions as demanding as franchisees in the McDonald's hamburger network. In the retail business, Benetton is generally considered the "fast food of fashion."

Benetton owns hardly any of its shops and has found little difficulty in getting entrepreneurs all over the world to invest between $10,000 and $300,000 per shop. Benetton approves location of the shops and Luciano personally vets the more strategic sites.

The interiors and exteriors, generally in vivid Benetton green, must be decorated according to Benetton taste and with Benetton-chosen furnishing and of course the shops must sell only Benetton clothes.

The crucial point, though, is that Benetton can increase the number of outlets around the world at practically no investment cost to itself. This has freed up capital for advanced communications and automated production systems.

The key to the system is the network of 180 agents, each with a designated geographical region (the US is broken down into 12 regions). The agents work on commission: they are not Benetton employees, but they must be Benetton shop owners.

Their main task is to organise the four-times-a-year presentations of fashion collections to retailers, then to take orders and relay them to Ponzano—Benetton produces entirely to order and no returns are allowed. But because the "clients" or shop owners are required to commit to specific orders seven months before the selling season, several opportunities are provided to adjust orders during this period.

Apart from handling orders, the agents co-ordinate Benetton-financed advertising and marketing campaigns. After the initial ordering period, there is a "flash collection" which adds about 50 items each season to the product line based on early indications of customer preferences in terms of fabric or colour.

A third process is called "reassortment," which comes later in the selling season. By then, something like 75 per cent of a shop's orders have been sent to Benetton, and, based on sales trends, colours and styles can be specified, generally for refills of fast selling items.

Not only do many shops provide Benetton's team of 85 information specialists in Italy with daily reports of selling trends, giving Benetton a world-view of exactly what is selling best (or worst) and where, but orders are also processed via this store-and-forward system. "What interests us most are the orders," says Professor Bruno Zuccaro, the information systems manager and veteran of Zanussi and Honeywell. Prof Zuccaro [illegible] lectures on the engineering faculty of the University of Udine in north-eastern Italy.

The Benetton shop system, in the company's view, allows prices to be kept reasonably low and represents the nearest thing to direct [illegible] sales to the public around the world. The network, through which agents interact with headquarters and retailers, [illegible] a slick service. "We are [illegible] a company which sells service as much as a product," says Mr Carlo Gilardi, Benetton's finance director.

The service goes beyond automated cutting of fabric, marketing campaigns and [illegible] season in-house shows. It goes right through the selling season to the moment when a shop in California or Frankfurt communicates the need for 350 lavender jumpers. That is when the vats of dye are readied, or, as Mr Gilardi puts it, "the strategic moment for Benetton is when the dye is cast."

Man in the News

Ruud Lubbers

A Dutch master of the sober school

By Laura Raun

SO FAR AS Dutch political pundits are concerned, there was only one explanation for the fact that the opinion polls misread so spectacularly the closing stages of the country's general election campaign: "the Lubbers effect."

"I am amazed over our victory," was the immediate, election night comment of the 47-year-old Christian Democrat prime minister, as his centre-right coalition prepared to extend a regime which has been marked by austere economic policies in a country famed for its commitment to high levels of social spending.

Rudolphus Franciscus Marie Lubbers has established himself not only as the leader of a party which was almost eclipsed by Labour in the early 1970s, but arguably as the most popular politician in recent Dutch history.

"The gains can be attributed to sobriety," he says. "It is a confidence vote that also is a result of the many people who traditionally haven't voted Christian Democrat. It is a breakthrough for the future."

Technically, the Dutch people must wait a while before knowing for certain whether Mr Lubbers will continue as prime minister. Even after such a spectacular victory, the Dutch system provides for lengthy negotiation between coalition partners and Mr Lubbers remains free to decline the position of Prime Minister in favour of a Christian Democrat colleague.

The Liberal leader, Mr Ed Nijpels yesterday predicted a five-week formation period, which might be a record, as political experts believe the quickest to date took nine weeks. The longest, in 1977, took seven months.

A master of delay and compromise, Mr Lubbers is the perfect Dutch politician. His most adroit move was the long-delayed Cabinet agreement on the deployment of US cruise missiles, an issue which opened up deep divisions in Dutch society.

By spinning the negotiations out, judiciously attaching strings and painstaking presentation, Mr Lubbers finally tired his opponents into submission. The eventual decision to accept the missiles was, from his point of view, a satisfactorily peaceful affair.

He will need similar skills if he is to manage to a successful conclusion the euthanasia issue. Mr Lubbers' Christian Democrats oppose a proposed limited legislation of euthanasia; his Liberal coalition partners favour it.

A Roman Catholic from Rotterdam, Mr Lubbers is a darkly handsome man, with hooded eyes. Physically, he stands out in a country of blond heads and blue eyes; the tact with which he sweetens his frankness is also not altogether a national characteristic.

Mr Lubbers arrived at national politics via the politics of industry. His family's company, Holland Kloss, is a medium-sized metal working concern now run by his brother, Rob. The family is wealthy, but not extravagantly so.

A self-consciously egalitarian people, the Dutch do not want rich people who flaunt their wealth or powerful people who wield their prestige crudely. Queen Beatrix and Mr Wisse Dekker, the former president of Philips, fit this requirement exactly. So does Mr Lubbers. Approachable, bright and jovial, Mr Lubbers plays a mean game of field hockey. In public and in shorts.

In a recent interview with the magazine of the Christian Employers' Association, he reviewed his administration. "The most important contribution is the recovery of trust, breaking out of a dooomsday mentality. In 1981 and 1982, we came out of a very deep valley. Bankruptcy everywhere and enormous growth in unemployment.

"It was obvious that only a clear and constant approach as well as a real retrenchment could bring about the feeling among the people that another way was possible, better and with more perspective."

Mr Lubbers has worked hard to contrast this sober, sensible message with the alleged excesses of Mr Joop Den Uyl, the veteran Labour leader, who led his party into the elections for the sixth time. Mr Lubbers succeeded in turning the election into a personal contest between his own reasonableness and higher public spending, higher taxes and re-opening of the cruise missile issue threatened by Labour.

The Christian Democrat-Liberal coalition now has a clear mandate to get on with its business. The Christian Democrats, an amalgam of three protestant and catholic parties, have already promised some easing in the economic austerity programme. Paring the national budget deficit and shrinking the public sector remain goals, but progress is expected to be slower.

The new cabinet is expected to have one or two more Christian Democratic ministers and one or two fewer Liberals, putting the Christian Democrats more firmly in the driver's seat.

A seeming paradox is the fact that the Christian Democrat gains cut across recored public sentiment on a number of issues. Opinion polls show a large part of the population against nuclear energy and in favour of the euthanasia law; not to mention to the strong pressure for greater equality between the sexes.

The latter issue has always been difficult for the Christian Democrats in a country where fewer women work outside the home than almost anywhere else in Europe.

The simple answer, perhaps, is the strong paternalism which runs through Dutch society. The Dutch trust Mr Lubbers to do the right thing.

He will slow down economic austerity before the welfare system is destroyed and he will ensure that euthanasia is not abused when a law finally is passed. Sexual equality — well, that will evolve in time.

At a rather young age, Mr Lubbers is already the elder statesman.

Financial Times Saturday May 24 1986

An evening in front of the command centre

By Jason Crisp

IMAGINE A television that can control your central heating, check the smoke detectors in the bedroom, show you who is at the front door, remind you that it's your mother's birthday and still show Dallas. A fanciful dream? No, because the manufacturers are very serious about making the common or garden TV the command centre of the home.

Technology is not a problem, but getting the manufacturers to agree a common standard and persuading people they want it is. International standards in television are notoriously hard to achieve. Earlier this week in Yugoslavia an international conference failed to agree a world standard for high definition television, which would give much sharper and better pictures.

As a result Europe will take one evolutionary route towards high definition pictures while Japan and the US will take a bigger jump. But by the early 1990s, or possibly even sooner, we can expect to see TVs with pictures with much better resolution and colour on screens the same shape as in the cinema and with stereo sound as good as a compact disc.

For manufacturers high-definition TV is just one more stage in the constant battle to add value in a saturated market with thin profit margins.

The price of a colour TV has fallen substantially. Mullard, Britain's last TV tube manufacturer, estimates that in 1970 it took an average worker ten weeks to earn enough to buy the cheapest 22in colour TV. By 1984 it only took 1.7 weeks to buy the same set which is better and much more reliable. By contrast the time it takes to earn enough to buy a car has remained fairly constant. It is also true that the microchip has cut manufacturing costs.

There have been several attempts to enhance the value and price of a TV. Teletext for example, has enjoyed a modest success in Britain and is now spreading to other countries. About 3m homes (15 per cent) in Britain have teletext TVs — which can show hundreds of pages of information and news; the sets command a premium of about £50. In West Germany there is some limited stereo broadcasting on TV which Britain may get by 1988.

The latest push for higher prices involves flatter squarer tubes, generally known as FST. They were first introduced by Toshiba last year and now every big set manufacturers has FST models in its range. The benefits are claimed to be a better looking picture with squarer edges, fewer reflections and a wider viewing angle.

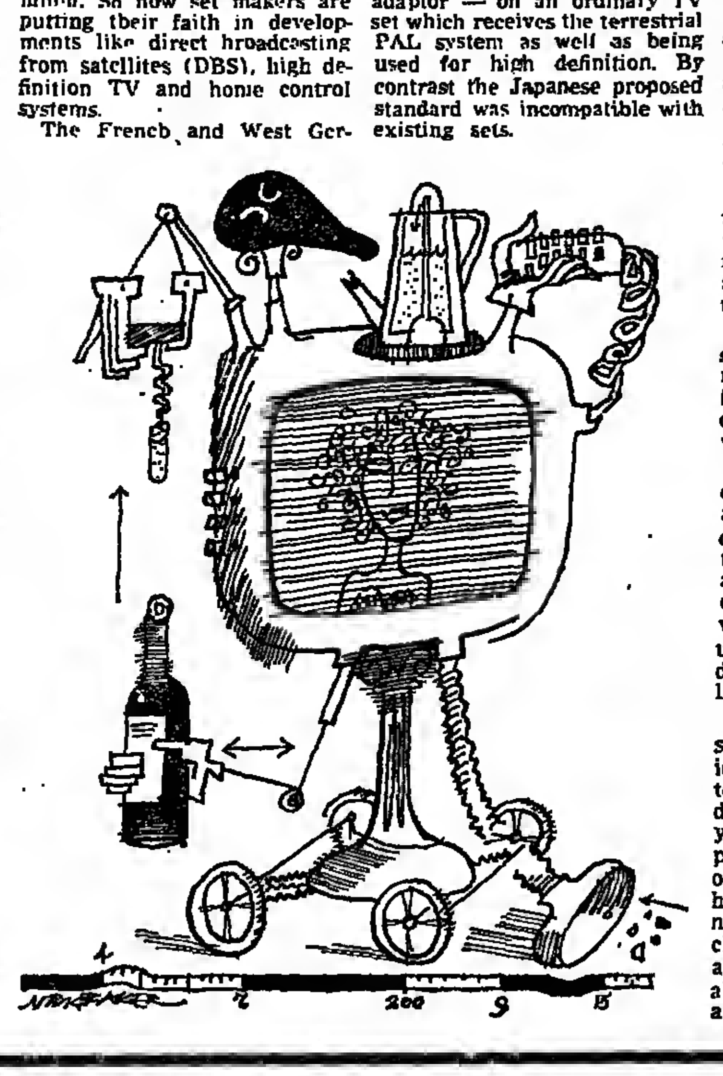
The tube manufacturers have made a huge investment in the new tubes which are about 15 per cent more expensive. Philips, which is responsible for half the tubes made in Europe is spending £175m converting its plants to FST. Yet at this week's ad hoc consumer electronics trade shows in London there were signs that FST prices are already falling.

As one rueful manufacturer commented: "With FST we thought, at last here was a chance of higher margins. Everyone agreed it was a good idea. Now it does not look as if it is going to happen."

One of the problems with FST is that the advantages are not enormous and consumers may be reluctant to pay the premium. So now set makers are putting their faith in developments like direct broadcasting from satellites (DBS), high definition TV and home control systems.

The French and West Germans are likely to launch their DBS satellites early next year while the UK is unlikely to have a service until at least 1989. Anyone who wants to receive DBS will need a dish aerial of about 18 in diameter and a special converter. This alone is an attractive new business for the TV manufacturers — it is also the route to high definition TV.

The European solution — partly aimed at thwarting Japan's complete conquest of its consumer electronics industry — is to use a new broadcast standard (MAC) which was developed by Britain's Independent Broadcasting Authority. The point about MAC is that it can be received — using an adaptor — on an ordinary TV set which receives the terrestrial PAL system as well as being used for high definition. By contrast the Japanese proposed standard was incompatible with existing sets.



There are other ways of improving TV picture on the existing broadcasting systems. Many manufacturers are expected to launch flicker-free sets within the next year or two. Although most people can ignore it there is quite a noticeable flicker on European TVs. This is because the picture is only refreshed 50 times a second compared with 60 in the US and Japan.

But by momentarily storing each frame and repeating it the picture can be refreshed 100 times a second and the flicker is imperceptible. The delay in its introduction has been caused by the cost of the microchips needed to store the picture. Once a TV has such storage it can offer other facilities such as freezing the picture.

ITT, the US conglomerate, has recently launched a TV which uses a similar technique to produce a small picture within the main picture. The viewer can then choose to watch another channel inset in a window about the size of a postcard in the top right hand corner of the screen.

It also provides a rather limited and very expensive example of the future trend in television. As an example ITT show the set linked to a small video camera in a child's bedroom so that its parents can see it in the small window while still watching a programme. At £849 ITT does not expect to sell very many and its rivals say "picture in a picture" will have to cost less than £500 before it will attract wide interest.

Looking further into the future consumer electronics manufacturers see the TV performing more sophisticated security and control functions in the home.

In theory, the TV one day should be able to tell you how many lights are on in the house, how much electricity you are consuming, the state of the washing machine or the oven.

The main problem will be expense and the difficulty of agreeing communications standards in so many industries. Research is going into a wide variety of communications from sending signals via the mains wiring, using optical fibres or just ordinary bell wiring or even radio like a cordless telephone.

Even if there is considerable scepticism about many of these ideas there is no doubt the television set will change dramatically over the next ten years. The frightening prospect is of a world spending most of its waking life watching beautiful pictures while running the home from an armchair. According to the IBA the average Briton already spends about four hours a day watching a quite ordinary TV.

UNIVERSITY FUNDIN[G]

A question of merit

Michael Dixon offers an alternative to this week's controversial secret assessment of academic merit

HOW MANY universities are there in Britain? Most people would expect the answer to be stated definitively in some book. But counting the country's top academic institutions is no simple matter.

For instance, should account be taken of the University of Buckingham which is independent of the state education service? Should the Open University be included? It is state-financed, but not through the University Grants Committee which decides how government funds are distributed among universities.

At a more detailed level, should Manchester University and the University of Manchester Institute of Science and Technology be reckoned as separate? Is the University of Wales, whose six constituent parts are spread from Cardiff in the south to Bangor in the north, to be treated as one or half-a-dozen?

If merely counting the institutions is fraught with complications, judging their respective merits is even more so.

In the view of the university chiefs, as represented by the Committee of Vice-Chancellors and Principals, making such a judgment is not only uncalled for but impossible. They consider that all universities are excellent although some may be excellent in different ways from others.

To an outside observer, however, it seems doubtful that all parts of all universities can be uniformly successful. Take the case of one of the new technological universities, which when it received its Royal charter 20 years ago decided to inject some culture into its students of science, engineering and so on by teaching them English literature. It accordingly appointed a lecturer in the subject on the customary career-long job security, to found a small English department.

Before he could begin work, the university decided not to provide an English course after all.

While the lecturer stayed in post, he did no teaching. Nor, according to his colleague who pointed him out to me, did he seem to do any research. He took early retirement some years ago. But in the meantime he could hardly have achieved excellence by the normal standards of academia even though he might have a fair claim to a prize for being paid to do nothing.

Despite the opposition of the vice-chancellors, the University Grants Committee this week acted on the supposition that some of the institutions are of greater or lesser merit than others. In what it called "a radical break with tradition," it used its judgment of universities' performances in deciding by how much to increase or decrease their 1986-87 grants.

The committee's action is inevitably controversial. There is no respectably scientific way of measuring the quality of a university's work, which covers research as well as teaching.

Most of the research is of abstract theoretical kind, directed by intellectual curiosity rather than to any practical end. Often the importance of a research study is not appreciated until decades after it was made.

The results of teaching are also hard to assess. It is true that graduates' examination performances are graded by the award of different classes of degree. But studies of the differences in the grading procedures of separate institutions indicate that they do not use uniform yardsticks.

Moreover there does not seem to be universal agreement among academics on what, beyond satisfying the variable standards of diverse groups of examiners, universities' teaching is intended to enable graduates to do.

How the grants committee reached its judgments has not been explained. It is virtually certain, however, that the basis of assessment included some at least quasi-objective measures. One was probably the amounts of research money attracted by each institution's various departments. Teaching quality may well have been assessed partly by the respective success of courses in attracting academically promising school-leavers, as measured by the average results of incoming students in the 18-plus exams.

Even so, since the committee can scarcely have avoided making some subjective judgments, its ranking of the institutions by quality must be to an important extent arbitrary. Today, therefore, I am offering an alternative ranking which partly compensates for the probable vagaries in the grants committee's ranking (which was printed on page 8 of the Financial Times on Wednesday).

The attempt is made possible by the methods of ranking the universities by criteria different from those used by the committee, which have been developed by the FT since the late 1960s and recently further refined by Professor Jim Taylor, the Lancaster University economist.

The criteria used in these gradings are first the success of each institution's bachelor-level graduates in obtaining better than short-term jobs in the UK, and second the success among the rest of the degree-winners in gaining places on full-time courses of continued education and training.

As a result, there exist two other rankings which can be combined with the committee's product. The additional gradings are at least equally subject to distortions—for example, since they are compiled from data which is not audited, they do not preclude particular institutions from gilding their graduate lilies. But it is fair to suppose that when the three rankings are combined, the outcome will be a more broadly based and no less reliable measure of performance than is any of the trio on its own.

They have been combined by a simple and robust method. The position held by a specific university is in every case different from one ranking to another. I have therefore awarded points—one for the lowest position, two for the next lowest and so on in each of the league tables. If two or more institutions tie for a position, I have averaged the appropriate points between them. For instance, if a pair were tied at the bottom of a ranking there would be three points available and they would be awarded 1.5 apiece.

The highest number of points available in any of the rankings is 43—which is the number of British institutions excluding Buckingham and the Open University and counting the University of Wales as a single entity although regarding Manchester and UMIST as separate. Hence if any institution had come top of all three tables (which none did) it would have gained three times 43 points, or 129.

That maximum possible score might be regarded as "excellence," and the percentage of the maximum achieved by a particular university as the "degree of excellence" it has attained. The table is compiled on that basis.

Not every institution will be pleased by the result. For example, Warwick which topped the grants committee's ranking, comes only seventh in the combined grading. But Oxbridge at least should feel cheered. Cambridge comes tenth equal instead of twentieth equal in the committee's estimation. Oxford has risen to seventeenth place rather than thirty-first.

DEGREES OF EXCELLENCE

		% of maximum possible points
1	York	80.6
2	Southampton	72.5
3	Bristol	67.1
4	Bath	66.7
5	Birmingham	65.1
6	Kent	64.0
7	Warwick	63.6
8=	Exeter	62.4
	Nottingham	62.4
10=	Cambridge	61.6
	Glasgow	61.6
12	Lancaster	60.1
13=	Loughborough	59.3
	Sussex	59.3
15	Heriot-Watt	58.9
16	Leicester	57.0
17	Oxford	55.4
18	Salford	54.3
19=	Newcastle	53.5
	Strathclyde	53.5
21	Brunel	50.4
22	UMIST*	49.6
23=	Durham	49.2
	Essex	49.2
	Reading	49.2
26	Surrey	46.9
27	Leeds	46.1
28=	London	45.7
	Manchester	45.7
30=	Liverpool	44.2
	St Andrews	44.2
32	Wales	43.4
33	Bradford	43.0
34	Edinburgh	42.2
35	Sheffield	41.9
36=	Aberdeen	38.8
	Dundee	38.8
38	Aston	37.6
39=	City	36.4
	Keele	36.4
41	East Anglia	31.4
42	Hull	26.7
43	Stirling	24.0

* University of Manchester Institute of Science and Technology.

Letters to the Editor

Small business problems

From Mr E. Naptin

Sir,—While it is appreciated that the individual must be protected against incorrect information about him or her being held on computers, the incompetent drafting of the Data Protection Act will cause a severe additional administrative burden on the owners of smaller businesses. Amongst the absurdities which affect our members I highlight the following two cases.

A small business, which neither owns a computer nor uses a computer bureau, has been advised to register under the Act by the insurance company which administers its employees' pension fund. As the details of the fund are held on a computer the business is classed as a "data user."

A business which keeps its payroll on a computer and uses the information for that purpose only is exempt from registration. That information will include the periods an employee has been ill for statutory sick pay purposes but if the firm were to use this information when assessing the employee's performance, for example in evaluating promotion prospects, the exemption would be lost and the business would be required to register.

Last year was Information and Technology Year — small businesses were urged to buy and use computers. This year they are being penalised for having done so. This is a further glaring example of the government's lack of understanding of the problems facing the smaller firm.

E. A. Naptin
(chairman, London and Southern Home Counties Regional Council),
Association of Independent Businesses.
108 Weston Street, SE1.

Politics in Cambridge

From the Secretary, Chesterton SDP.

Sir,—Councillor Duff (May 15) correctly points out that there is no evidence that Cambridge students favour Labour. It is worth adding that they have recently elected a Social Democrat to be their president.

Councillor Barnes (May 21) appears to be trying to challenge this proposition by claiming that the Alliance vote "collapsed" in East Chesterton and Cherry Hinton. There are very few students in either Cherry Hinton or East Chesterton, and in any event the Alliance vote fell because we lost votes to the Conservatives over the rates issue. I would question whether the loss of about 200 votes out of 1,000 constitutes a "collapse."

It ill becomes a Labour party member like Councillor Barnes to chortle over Tory gains. The Labour Party voted for the Alliance's rates proposals for Cambridgeshire. They accepted that the increase was an inevitable consequence of the Government's cut in rate support grant.

Roman Znajek,
10 Birch Close, Cambridge.

The Minister and the Massacres

From Count Nikolai Tolstoy.

Sir,—David Buchan's review (May 10) of my book The Minister and the Massacres is so replete with "Tolstoy claims" and "Tolstoy alleges" that some readers might be excused for imagining that my accusations against Lord Stockton rest entirely on unsubstantiated speculation. I appreciate that you have not room for a detailed rebuttal, so I hope I may be permitted instead to select an example at random.

"Tolstoy assumes," Buchan claims, "Keightley's mind was changed by something Macmillan said to him (at their conference of May 13). Unfortunately for his case, there were apparently no witnesses to the meeting." "This book," Mr Buchan therefore concludes, does "not prove the allegations about Macmillan."

I wonder whether any readers would be able to detect from these words whether I provide any factual evidence for my thesis? In fact the "allegation" rests, inter alia, on these facts:

On May 14 Keightley informed General McCreery that it was "on advice Macmillan" that he (Keightley) requested permission (contrary to his expressed views and actions prior to Macmillan's visit) to deliver the Cossacks to the Soviets.

When McCreery and Alexander rejected this request, ordering Keightley instead to despatch the Cossacks to SHAEF control, Keightley revealed on May 23 that it was in fact "no verbal directive Macmillan" that the Cossacks were to be returned, regardless of choice.

Though Macmillan notes in his diary record of the meeting of May 13 that he and Keightley had "decided" to return "about 40,000 Cossacks and 'White' [ie Tsarist émigré] Russians, with their wives and children," he omitted to mention this decision in his subsequent report to the Foreign Office, confining reference to a passing mention of "some 30 (sic) Cossacks."

On his return to AFHQ on May 13, Macmillan approached General Robertson in order to extract an order from him authorising the Cossacks' return. He informed Robertson that the Soviets had yet to make the request, and failed to inform him that the Cossacks included a large body of non-Soviet citizens. In fact the Soviet request had been received by Keightley two days before his conference with Macmillan, being accompanied by a list of the prominent "White" Russians (Macmillan's words) whom the NKVD was anxious to acquire, and whom the Foreign Office had ordered Macmillan to retain.

(Count) Nikolai Tolstoy,
*Court Close, Southmoor,
Nr Abingdon, Berks.*

Pronouncing hybrid words

From Mr G. Edmonds

Sir,—I beg to differ with Mr Dunkley's suggestion (Arts page, May 21) that since we say ce-ntimetre and mi-llimetre, then kil-o-metre is illogical and wrong.

Surely this is the only correct pronunciation since, being of pure Greek origin, the accent should fall on the third from final syllable where the last two are short. We also thus pronounce the much older word pent-o-meter.

Conversely, centimetre and millimetre being hybrid Latin and Greek words, may be pronounced in any way we like, although, interestingly, in both Italian and modern Greek they are also similarly pronounced with the accent on the second syllable.

G. Alexander Edmonds.
63 Lancaster Gate, W2.

Industrial copyright

From the Chairman, Industrial Copyright Reform Association

Sir,—I refer to the letter from Mr D. R. Barrell (May 8). Your reporter, Mr Sooddy, was present at the House of Lords on April 21 and saw for himself the range of independent spare parts manufacturers present at the meeting, although it is true to say that while the range is wide, the depth is, at present, not great. Independent spares manufacturers are, in common with the consumer at large, in grave peril of implementation of the terms of the White Paper on intellectual property and innovation.

I would have thought that the majority of complaints of failure of mechanical parts, by and large, relate to those fitted by the original manufacturer (or assembler). Free and open competition among independent spare parts suppliers surely maintains a competitive spirit of high standards and low costs, which must be beneficial to the user, but which is now threatened by the White Paper.

I find it hard to believe that any consumer would be prepared to accept that protection of purely functional replacement parts would serve his interests better than the free and open market which he currently enjoys.

D. J. Plaster,
*Timmis Road, Lye, Stourbridge,
West Midlands.*

Economic growth

From Mr D. Clancy

Sir,—In "Economic Viewpoint" (May 23) Samuel Brittan concludes that while non-oil inflation and therefore interest rates will likely not fall further, economic growth will continue. In each case, the opposite might be more appropriate.

Non-oil inflation has steadily fallen over recent years despite money supply statistics which would, conventionally, suggest the reverse; now that the collapse in oil prices has accelerated this trend, one would expect the decline in inflationary expectations to be reinforced. Readers will evaluate which of our judgments is the more likely, but the latter also requires acknowledgement that the money supply has not been the prime mover behind any of these price declines.

World growth in the 1980s has been driven by the two engines of the massive increases in the US budget deficit, and in the US dollar; now that the impact of the former is on the wane and the latter has been reversed, we should expect stagnant growth or recession. This would be postponed of course if the non-US members of the group of seven (G7) increased their government spending but, given the tendency of such expenditure to evaporate into non-income generating ventures, this option is considered to be short-sighted. Alternatively, world growth might benefit from additional consumer expenditure as a result of the decline in oil prices and consequent rise in real income; statistics everywhere, however, confirm that both consumption and economic growth remain subdued. Why?

As far as the conventional wisdom of the G7 monetary authorities and financial markets is concerned, there is the expectation that strong money supply growth and higher consumer income presage impending economic vigour. The fact that both of these have been with us for some time while economic growth has been declining, is still not interpreted as anomalous. If the lag persists however, the following hypothesis might be considered seriously: that because of historically high real interest rates and falling inflationary expectations, consumers are postponing expenditure and saving their increased income. Consequently, the money supply has increased and, combined with flat economic activity, the velocity of circulation of money has fallen. It follows that real interest rates will fall significantly (restoring economic growth) . . . but only when our conventional monetary wisdom is abandoned.

David Clancy,
4c, Sisters Avenue, SW11.

Air routes on offer

From Mr R. Bale

Sir,—I refer to Lionel Barber's article (May 17) and in particular to the statement attributed to one BCal executive to the effect that the concept of a second force airline with objective of "gaining for Britain a growing instead of diminishing share of world air markets by competitive stimulation to the state carrier, is 'dead, finished and a gonner'." Given that the existence of the Edwards committee report was the reason for the once and for all route transfers which caused the creation of British Caledonian, if they are now saying that the concept is "dead, finished and a gonner" then surely there is a case for these routes being offered to other British carriers who are prepared and who are in fact already offering competitive stimulation to the state carrier without the advantage of a sound financial platform provided by these route transfers.

R. N. Bale,
*Roque Berg,
St Clement, Jersey, CI.*

Too heavily taxed

From Mr R. Tweed

Sir,—While I fully agree with Mr C. Beattie QC (May 20) that we are too heavily taxed in the UK, I hope that he will not mind if I point out a fallacy in his calculations.

If an employee earning £10,000 p.a. suffers tax of 30 per cent, his take-home pay is £7,000. A rise of 10 per cent, i.e. £1,000 taxed at 30 per cent leaves him with an extra £700 —a rise of 10 per cent gross and net.

I have ignored the effect arising from differing average and marginal rates of tax.

Richard Tweed,
*10, Lyndhurst Close,
Park Hill, Croydon.*

Lloyds bid misconceived—Standard

BY DAVID LASCELLES, BANKING CORRESPONDENT

Standard Chartered Bank yesterday launched a vigorous defence against Lloyds Bank's hostile £1.2bn takeover bid by denouncing it as a misconceived offer which grossly undervalued Standard's shares.

In a 20 page defence document dispatched to shareholders last night, Lord Barber, the chairman, urges them to reject the bid. The merger will not work, he says, because the two banks "have grown from different origins and are structurally incompatible." He added: "Lloyds' experience overseas hardly inspires confidence that it *can successfully manage* a worldwide business."

The document is called "Reject Lloyds' hostile bid"—a deliberately aggressive title which caused some unhappiness at the Bank of England which had been trying to moderate the tone of both banks' statements.

The document *says the* merger will create disruptions and *overlaps*. It also says that the value of the bid, which has fallen to 750p with the decline in Lloyds share price, is less than Standard's book asset value of 797p per share last December.

Mr Michael McWilliam, Standard's chief executive, says *he has adopted a strategy to* strengthen the bank's management team, improve business efficiency and focus on return on equity. The bank is "strongly positioned in growth markets and, in accordance with the corporate plan, is translating potential into solid earnings," he says.

The document shows that Standard *has* had a patchy record in certain parts of the world in the *last two years*, such as Hong Kong, Singapore, Malaysia and Europe, but is now doing better. But Standard is withholding any forecast or profits or dividends at this stage.

Mr Brian Pitman, Lloyds chief executive, said the document was "long on promises and *short* on figures and performance," and said shareholders would *want* to know they were going to benefit from Standard's new policies.

To stress the low value Lloyds is putting on the group, Standard includes a letter from its US advisers, Goldman Sachs, putting a sale value on Union Bank, its subsidiary, of $800-$900m. This implies that Lloys values the rest of Standard's businesses at only 390p per share even though they accounted for 82 per cent of 1985 pre-tax profits.

Standard also claims that Lloyds has "failed to do its homework" by leaving its application tot the US banking authorities to buy Union Bank to the point where approval may not come through in time. *Lloyds said it lodged the* application yesterday, and did not expect any problems.

See Lex

Gaming setback pulls down Aspinall

GROWTH IN the finance division has failed to offset a severe downturn on the gaming side at Aspinall Holdings.

As a result pre-tax profit for the half year ended March 31 1986 shows a reduction of £1.14m to £5.74m.

The profit on gaming fell from £5.89m to £3.86m. The value of chips purchased—was 6 per cent less at £63.1m (£67.15m) but the directors say too *much* significance should not be placed on the figures for *one six month period, as* the volume of the drop is dependent *upon* the attendance of a relatively small number of high stake international punters.

Turnover came to £10.86m (£15.18m). The 18 per cent luck factor was in the punters' favour. It compared with a better than normal 22 per cent last time and a below average 15 per cent for the whole of the previous year.

In Australia the refurbishment has recently been completed and the Salon Privé will open today. Trading was hampered during refurbishment and there has been no contribution to profit.

Gaming licence duty was down to £2.75m (£4.23m) and operating costs reduced to £4.25m (£5.07m).

Profit from the finance division was up £924,000 to £2.35m.

After tax £2.41m (£2.83m) the half year's group net profit is £3.33m (£4.05m) for earnings of 6.4p per share (7.8p).

● comment

One effect of lower oil prices has been to make high-rolling Arab punters think twice before paying a visit to Aspinall's exclusive casino in Curzon Street. However, those who did show up there during the first half should have found themselves unusually lucky, as Aspinal's share of the drop fell to 16 per cent, the bottom end of the expected 15 to 25 per cent range. While the City was not particularly pleased with yesterday's figures—the shares fell 5p to 151p—it is more interested to see who will emerge as the next possible buyer for Aspinal now that Pleasurama seems to have withdrawn. With luck, the company should make £12.5m pretax for the year, which would put the shares on a p/e of more than 11. This seems expensive on trading grounds given the dependence on one casino, although the shares are still well below their speculative peak reached last December.

Spectrum still in loss but optimistic

FOLLOWING the substantial decline in the home computer market and the disposals of discontinued activties, the *Spectrum* Group has *continued* in loss.

For the half year ended December 31 1985 sales have slumped from £25.49m to £10.45m, despite an attack on overheads, there was a pre-tax loss of £553,000. This compared with a profit of £75,000, which was turned into a deficit of £2.5m by June 30 1985 including exceptional charges of £1.58m.

The directors take a more optimistic view for the rest of the year. They have cut borrowings substantially which will give interest savings, and have identified the areas and the direction in which the group should develop.

The photographic division has proved the success of its own brand products, they say. On the computer side, despite the widely reported recession, the trade is recovering steadily with more reliable and profitable products, they tell shareholders.

● comment

Floated just two years ago at the height of the home computer boom, Spectrum came to the market on a fancy price/earnings multiple of 15 and its shares rose from the placing price of 130p to a high of 145p before the rot set into the home computer less than a year later. *Today, at 21½p, it looks a pale* shadow of its former self. Its computer software, computer repair and fishing tackle businesses have gone and the slimmed-down group is concentrating on computer peripherals for business mircocomputers and photographic supplies. While borrowiogs are now under control, gearing is down to a mere 100 per cent and the group looks as though it could be moving towards break-even by the end of the second half, there is nothing to suggest that it will ever do better than make modest profits in its present form, and the absence of any obvious lure for a bidder leaves the shares lacking obvious charms.

CPS Computer

CPS Computer, the USM-listed computer distributor, said yesterday it was in negotiations which might lead to the sale of its U.S. operations and a bid for the company. CPS shares were suspended earlier this month at 9p, valuing the company at £2.22m.

Extel sells advertising side for £12.5m

By Alice Rawsthorn

Extel Group has withdrawn from the advertising industry, *just three weeks after staving* off a takeover bid from the Demerger Corporation, by selling the Royds Advertising Group to the advertising agency, McCann-Erickson, for £12.5m in a cash deal.

Once the acquisition is completed McCann-Erickson, which is part of the US-owned Interpublic network, will become the second largest advertising agency group in Britain after Saatchi & Saatchi with billings of *more* than £200m.

Royds is primarily a network of regional advertising agencies. In the year to March 31, having lost a series of key accounts, including Texaco, Beechams and Electrolux, it produced pre-tax profits of £1.3m.

According to the chairman, Mr Alan Brooker, the Extel Group decided to withdraw from advertising, *in order* to concentrate on the more lucrative fields *of specialist* printing, publishing and information, early last year.

Initially Extel planned to sell *Royds* to *its management*, through a buy-out *structured by the Manchester* agency. The buy-out floundered *and* four weeks ago Extel began negotiations with *McCann-Erickson*.

Royds' ten regional agencies will function as an autonomous network within McCann-Erickson, under the name Royds-McCann. The London agency will be merged with the Harrison-McCann network and Royds' chairman, Mr Bill Bowman, will become vice-chairman of McCann-Erickson.

"So many advertising agencies make acquisitions simply to get bigger," said Mr Jerry Shiveley, McCann-Erickson's chairman. "We bought Royds because it can offer something that McCanns has not got, a regional network."

Extel Group is now, *according to Mr Brookar, committed* to expanding its remaining *areas* of activity—specialist printing and publishing, financial and sporting information—through acquisition. Extel's share price remained unchanged at 365p yesterday.

US expansion for Carlton Communications

BY MARTIN DICKSON

Carlton Communications, the fast-growing television services company, yesterday announced a 69 per cent increase in interim pre-tax profits and a major expansion in the US through the $31m (£20.8m) acquisition of Complete Post, a *leading* Hollywood-based post-production company.

Mr Michael Green, Carlton's chairman, said the acquisition *was the first step* towards its aim of developing a strong presence in the US television industry, to match its position in *Europe*. Carlton says it is Europe's largest television post-production and satellite transmission company.

Its interim figures to March 31 show pre-tax profits of £8.2m (£4.86m) on turnover up 65 per cent to £27.2m (£16.45m). The tax charge is £2.87m (£1.7m), leaving earnings per share of 19.23p (12.72p), up 51 per cent. The dividend is 2.6p (1.95p), up 33 per cent.

Carlton's shares responded well to the day's news, closing at 920p, up 40 on the day.

Mr Green said all divisions had performed well and television activities now represented 80 per cent of revenues and earnings. Looking forward to the year-end results, the company would benefit from its *significant* level of investment in new products and services for the *television industry*.

Carlton, which was thwarted last year with its bid to take *over* Thames Television, said Complete Post provided post-*production* services for both film and videotape to a range of *customers, including* the three major US television networks and film companies such as Paramount, MGM, Columbia, Lorimar and Walt Disney.

Complete Post, which is privately-owned, was founded eight years ago and *produced* pre-tax profits last year of $3.1m ($2.65m) on sales of $13.7m ($12.7m). Net assets at December 31 were $2.4m.

Carlton is paying $21.9m, for the business and taking on a further $9.1m of debt. It is funding the deal through a vendor *placing* of 2.3m new Carlton shares.

Complete Post has plans for an $11m capital expansion programme over the next four years to increase the size of its facilities from 37,000 square feet to 59,000 square feet.

Carlton sold its FSL Publications publishing business for 12m in January and intends to deal with the profits in the year-end accounts.

Carless profits down to £5m after higher charges

Carless, Capel & Leonard, oil and chemical group, reports *lower pre-tax profits* of £5m for the year to end-March 1986, *against a previous £7.47m, after* higher expenses and interest *charges*.

Turnover improved by 17 per cent to *£154.94m (£132.27m)*, due principally to the acquisition of US oil and gas properties from LTV Steel in April 1985. *The effect of the* collapse *in* the oil price in the first quarter of 1986 on Carless was mitigated, the directors say, because a substantial proportion of the group's income arises from its traditional refining and marketing activities which have been less affected.

The group is also fortunate, they say, to have its oil and gas production interests. In lower cost areas onshore UK and particularly onshore US where product prices have held up well.

They are recommending an unchanged final dividend of 1.75p, which maintains the total for the year at 2.75p. This is nearly covered twice by stated earnings *per 10p share* of 5.3p (8.6p).

From a gross profit of £22.5m (£18.34m) administrative and other expenses took *£2m more* at £11.91m and net interest charges rose from *£971,000* to £5.58m.

Every effort has been made, the directors state, to reduce the level of net debt, which peaked at £70m at the end of 1985. Disposals have since been made, which together with the reduction in working capital in downstream business, reduced net debt to £54m by end-March.

The board has considered the carrying value of the group's oil and gas interests compared with their net current value, and while satisfied that no general write-down is necessary, consider that a prudent view of the UK oil and gas interests should be taken. Accordingly, a write-down of £8.5m has been taken.

Tax rose to £901,000 (£887,000), and *after minorities* £45,000 (£19,000) and extraordinary debits *of* £11.09m (£1.65m), the loss for the year was £7.03m (£4.91m profit).

● comment

Carless Capel's problems have been all too well publicised ... a crippling burden of debt, non-commercial offshore fields as the *oil price fell from $30 to* $10 a barrel in the course of the financial year. What the City did not expect was the poor performance from *solvents* and the sheer scale of the offshore write-off. Carless Capel's priority has been and will continue to be to reduce borrowings. A series of property disposals—which, in this set of results, have been taken back below the line where they belong—whittled gearing down from 100 to 80 per cent last year. Further disposals—the company raised £2.5m from the sale of its London headquarters this week—should bring it down to 60 per cent by the end of this year. The company *claims* that it has *hauled* itself out of the doldrums and that, at *worst*, it will tread water until the Wytch Farm field comes *fully* on stream in *1989*. At best, borrowings may fall slightly faster than expected and leaving Carless Capel to expand its downstream activities. The City evinces guarded optimism and expects profits of £3.5m and a p/e of 15 on yesterday's share price which fell by 2p to 68p. Profits or not, the price offers little scope for recovery, given that the bid rumours have evaporated.

Saatchi issue reaps 95% success

By Lucy Kellaway

THE £406m rights issue from Saatchi & Saatchi, the first in *a chain of heavy calls on the* market this spring, has been *well received. Just under 95* per cent of the issue has been *taken up, and the remaining* shares have been sold in the market.

Since Saatchi & Saatchi unveiled the details of its weighty issue, UK companies have raised nearly £1.5bn through rights issues. The largest two have been a £357m call from the Prudential, and £714m from National Westminster, the biggest rights issue ever.

Despite the success of the Saatchi finding, the recent spate of issues has caused some weakness in the market, *which has fallen by* over 5 per cent since its peak at the beginning of April.

Saatchi's issue, which was *initially* to *be used* to fund the agency's aggressive *acquisitions programme*, has already been earmarked to pay for the $450m purchase of Ted Bates, the US *advertising agency*, agreed about a fortnight ago after the cash *call* was announced.

The company's shares closed up 15p yesterday at 770p. The new shares were priced at 705p, against a pre-announcement 945p.

Don Bros. bid

Shell UK yesterday launched an agreed £23m bid for Don Brothers Buist, a polypropylene fabric manufacturer. The offer is conditional on Don producing a pre-tax profit estimate for the year to May 26 that is satisfactory to Shell.

The offer is 175p nominal loan notes 1991 for each ordinary share, with a 175p cash alternative, and 74p in cash *for each Don* cumulative preference share. Shell has irrevocable acceptances covering 54 per cent of the ordinary shares, which have been suspended at a price of 130p.

Ensign to manage pension fund assets

BY TERRY GARRETT

A RESHUFFLING of management between the Merchant Navy Officera Pension Fund and its 80 per owned quoted investment trust Ensign, will put the management of the Fund's £1.4bn of assets into the hands of Ensign.

The committee of management for the pension fund is tnegotiating a management contract with the Merchant Navy *Investment Management*, which is wholly owned by Ensign.

The reason for this internal restructuring is partly to reshape Ensign's activities within the fast-changing City. A pension fund cannot trade and so cannot manage money other than that of its members.

Ensign has no such restriction and the new arrangement would make it easier to provide different pension arrangements for the fund's members who spend a great deal of their time outside the country.

Ensign's shares rose 4p to *150p yesterday in anticipation* of the contract. According to *De Zoete and Bevan*, the trust's brokers, it could add 17p to the current *asset value* of 155p per share.

Goodhead

Goodhead Print Group has paid £3.2m to the receiver of the *Free Newspaper* group of companies of Eynsham for ten free newspaper titles.

The titles, mainly in Oxfordshire and Berkshire, are profitable and Goodhead said that "*significant* benefits are expected to be derived by the group

Harvard Securities

Harvard Securities yesterday increased the value of its takeover hid for City & Foreign Investment. It is now offering four new Harvard shares, or 127p in cash or 130p nominal of 12 *per cent loan* stock for every City ordinary. Harvard has bought a further 203,500 City shares, boosting its stake to 17.5 *per cent*. It had acceptances covering 2.4 per cent by *its first closing date*.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Carless, Capel	1.75	—	1.75	2.75	2.75
Carlton Comms. ...int.	2.6	—	1.95	—	6
Kelsey Industries int.	2.5	July 4	2.5	—	8
Milletts Leisure	1	July 24	1	2	3.95
Nthn. Industrial ...int.	5	July 16	5	—	13.6
H. Samuel	3.17	—	3.17	4.17	4.17
Waverley Cameron	1.25	—	3.75	1.25	3.75

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

APV forecasts doubled profi[ts]

The annual meeting of APV Holdings, the process engineer fighting off a £180m bid from Siebe, was told yesterday to expect a profit forecast for 1986 which will "fully vindicate our advice to shareholders to reject the Siebe hid."

Sir Ronald McIntosh, chairman of APV, added that any profit forecast for 1986 would be soundly based and there would be "no attempt to produce artificially inflated figures for 1986 at the expe[nse] ... or 1988."

Sir Ronald said doubling in 1985 pre[-tax] to £15m was a "ver[...] tive figure."

Commenting on reorganisation of s[...] agement he said tha[t] ... new generation of [...] is now in place in our ten most senior [...] subsidiaries around ... seven are in their [...] or forties."

Goldman Sachs joi[ns] Pritchard bid camp[aign]

By David Goodhart

Pritchard Services Gr[oup] ... rently facing a £145m bid from Hawley Gr[oup] ... appointed the US ... bank Goldman Sachs ... in "seeking alternat[ive] ... more attractive offers." ...

Pegler step[s] up takeove[r] defence

By David Goodhart

Pegler-Hattersley, ... national fluid contr[ol] ... fighting off a £170m ... the far smaller F. H. ... yesterday forecast a ... per cent rise in total ... for the current ... launched another att[ack] ... Tomkins record.

Sir Peter Matthews, ... of Pegler-Hattersley, ... although it was too ... the year to publish ... forecast the trend in ... been higher than last ... prospects remained g[ood] ... board therefore int[ends to] recommend dividend ... current year total ... against 20p for 198[5].

Turning to the F. H. ... record, Pegler ... questioning of how m[uch] ... company's growth ... organic. Pegler als[o] ... several specific aspec[ts] ... kins accounts and re[...] recent years. It aske[d] ... stocks of Ferraris Pi[...] taken into Tomkins' a[ccounts at] ... a substantially lower ... that given in the c[...] Tomkins' shareholde[rs] ... approval for the deal?

Pegler also point[ed] ... over 60 per cent f[...] return on capital at ... less in two years an[d] ... in return on sales f[...] seas subsidiaries fro[m] ... cent in 1982-83 to 5. ... in 1984-85.

Finally, Pegler stat[ed] ... Tomkins share price ... *vulnerable* as it ha[d] ... by more than two ... times than the fall ... Industrial Group Ind[ex].

Mr Michael Moore ... of Tomkins, hit bac[k] ... own questions about ... predicted increase i[n] ... profits. He said tha[t] ... Tomkins' offer Pegle[r] ... profit had gone now[here] ... years and even the la[...] showed pre-tax profit ...

MY Dart pull[s out] of Standard b[id]

The industrial ho[lding com]pany MY Dart has ... from the takeover ... Standard Fireworks ... Scottish Heritable Tr[ust] ... proceed with its hig[her] bid.

The Standard boa[rd] ... had previously sup[ported] ... MY Dart offer, sw[itched] ... allegiance to Scottish ... earlier this week. ... announced yesterday ... received acceptance[s] ... per cent of Standa[rd] ... capital and had deci[ded to] increase its offer.

Friendly Hote[ls]

Friendly Hotels ... to raise £4.2m throu[gh an] ... issue of convertible ... shares to finance th[e] ... of five hotels from ... Group, announced la[...].

The balance will ... meet a rental prep[...] ... one of the hotel leas[es].

Terms are 8 ... preference shares fo[r] ... ordinary shares held ... shares are being iss[ued] ... carry a 5 per cent ... convert into ordin[ary] ... after 1989 on the b[asis] ... ordinary share for ... convertible shares.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri May 23 1986: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Thur May 22 Index No.	Wed May 21 Index No.	Tues May 20 Index No.	Year ago (approx.) Index No.	1986 High		1986 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (214)	722.26	+0.8	8.26	3.38	15.38	7.67	716.74	716.40	712.89	548.30	753.28	30/4	567.56	14/1	753.28	30/4/86	50.71	13/12/74
2	Building Materials (26)	801.70	+0.9	8.48	3.48	14.97	7.97	794.23	794.32	789.19	539.86	844.79	4/4	613.05	23/1	844.79	4/4/86	44.27	11/12/74
3	Contracting, Construction (29)	1174.49	+0.6	8.66	4.08	16.50	18.46	1167.60	1170.34	1168.76	768.33	1228.76	2/5	911.88	23/1	1228.76	2/5/86	71.48	2/12/74
4	Electricals (12)	1939.85	+0.3	7.64	3.90	17.39	29.92	1934.90	1929.39	1933.91	1527.52	2092.98	21/4	1530.81	2/1	2092.98	21/4/86	84.71	25/6/62
5	Electronics (38)	1668.12	+1.1	8.74	2.76	15.18	9.74	1656.39	1661.71	1638.71	1550.36	1794.13	30/4	1387.58	24/1	2049.05	13/11/84	1229.81	8/10/85
6	Mechanical Engineering (64)	410.91	+0.2	9.24	3.84	13.68	5.77	409.89	407.95	408.38	312.68	422.95	18/4	316.63	23/1	422.95	18/4/86	45.43	5/1/75
8	Metals and Metal Forming (7)	349.93	+0.6	7.46	4.85	17.41	4.35	347.93	347.77	345.56	196.96	363.95	6/5	241.87	2/1	363.95	6/5/86	49.65	6/1/75
9	Motors (16)	289.31	+0.3	9.12	3.33	12.77	3.33	288.47	296.53	283.78	163.25	306.00	6/5	206.50	14/1	306.00	6/5/86	19.91	6/1/75
10	Other Industrial Materials (22)	1306.33	+1.1	6.54	3.04	18.94	13.80	1291.79	1285.23	1288.29	984.21	1347.13	3/4	993.49	21/1	1347.13	3/4/86	277.55	15/1/81
21	CONSUMER GROUP (183)	907.91	+0.7	7.78	3.15	16.11	8.18	901.90	896.85	888.16	663.47	968.16	3/4	739.82	14/1	968.16	3/4/86	61.41	13/12/74
22	Brewers and Distillers (22)	932.53	+0.8	9.25	3.44	13.12	7.20	924.84	923.42	917.81	607.48	968.90	3/4	764.25	14/1	968.90	3/4/86	69.47	13/12/74
25	Food Manufacturing (22)	663.52	+1.4	9.41	3.90	13.84	9.37	654.25	647.26	645.24	504.52	702.63	4/4	549.51	14/1	702.63	4/4/86	59.67	11/12/74
26	Food Retailing (15)	1880.17	+0.1	6.56	2.56	20.72	7.73	1877.69	1860.71	1847.73	1590.56	1976.34	14/4	1629.03	21/1	1976.34	14/4/86	54.25	11/12/74
27	Health and Household Products (10)	1521.85	+1.1	5.53	2.21	21.31	6.52	1505.62	1496.46	1488.18	1062.45	1651.15	17/4	1175.61	14/1	1651.15	17/4/86	175.38	28/5/80
29	Leisure (25)	869.69	−0.5	8.05	4.04	16.17	14.01	874.30	869.93	857.83	685.14	968.51	2/4	731.17	24/1	968.51	2/4/86	54.83	9/1/75
32	Publishing & Printing (14)	2347.48	+0.6	7.15	4.03	17.85	28.82	2333.97	2312.66	2299.75	1797.88	2456.88	30/4	1834.16	9/1	2456.88	30/4/86	55.88	6/1/75
33	Packaging and Paper (14)	455.42	+1.6	7.57	3.52	16.54	4.29	448.03	447.41	446.81	324.70	476.31	7/5	362.52	9/1	476.31	7/5/86	43.46	6/1/75
34	Stores (42)	884.41	+0.1	6.48	2.64	20.97	5.27	883.36	880.30	866.16	647.64	984.64	3/4	787.79	23/1	984.64	3/4/86	52.63	6/1/75
35	Textiles (17)	538.57	+0.6	8.85	3.35	12.99	4.52	535.37	526.40	516.04	338.14	574.41	3/4	375.58	14/1	574.41	3/4/86	62.66	11/12/74
36	Tobaccos (2)	1064.31	+1.6	13.41	4.58	8.35	20.60	1047.89	1048.38	1028.98	839.33	1229.63	11/4	873.47	9/1	1229.63	11/4/86	94.34	13/6/62
41	OTHER GROUPS (86)	796.77	+2.1	8.38	3.71	15.26	6.38	780.60	776.28	774.38	707.44	859.53	4/4	696.16	21/1	859.53	4/4/86	58.63	6/1/75
42	Chemicals (19)	863.40	+1.0	10.59	4.70	11.44	16.72	855.26	856.82	854.60	755.84	955.30	14/3	729.24	14/1	955.30	14/3/86	71.20	1/12/74
44	Office Equipment (4)	275.67	−0.1	7.08	3.69	17.07	4.53	276.05	272.50	266.14	185.48	281.13	9/5	205.37	23/1	281.13	9/5/86	45.34	2/1/75
45	Shipping and Transport (12)	1574.40	+0.7	8.30	3.91	14.68	21.67	1563.25	1566.68	1557.20	1185.25	1677.64	3/4	1316.35	14/1	1677.64	3/4/86	90.80	29/6/62
47	Telephone Networks (2)	924.55	+3.7	8.91	3.50	15.39	0.93	891.79	884.17	883.64	884.18	1050.03	4/4	845.68	21/1	1050.03	4/4/86	517.92	30/11/84
48	Miscellaneous (49)	1021.59	+2.4	6.29	3.25	19.58	6.73	1007.48	999.37	997.82	882.69	1053.25	3/4	866.26	9/1	1053.25	3/4/86	60.39	6/7/75
49	INDUSTRIAL GROUP (483)	842.18	+1.0	8.05	3.34	15.70	7.73	833.60	830.06	824.25	652.93	889.80	3/4	691.89	14/1	889.80	3/4/86	59.01	13/12/74
51	Oil & Gas (17)	1219.28	+1.0	16.75	7.40	7.13	40.53	1206.80	1198.91	1206.02	1158.97	1219.28	23/5	1093.63	20/2	1239.75	15/2/85	87.23	29/5/62
59	500 SHARE INDEX (500)	875.58	+1.0	8.98	3.78	13.90	10.29	866.66	862.77	857.93	695.49	917.63	3/4	727.53	14/1	917.63	3/4/86	63.49	13/12/74
61	FINANCIAL GROUP (116)	591.43	+0.2	—	4.40	—	9.19	590.03	588.75	590.39	471.06	629.86	4/4	507.50	14/1	629.86	4/4/86	55.88	13/12/74
62	Banks (7)	624.68	+0.4	18.76	5.44	7.40	14.03	622.37	623.13	626.05	469.61	707.33	20/3	517.21	5/2	707.33	20/3/86	62.44	12/12/74
65	Insurance (Life) (9)	818.48	+0.4	—	4.46	—	17.27	815.36	809.22	807.83	710.80	906.18	11/3	765.18	23/1	906.18	11/3/86	44.88	2/1/75
66	Insurance (Composite) (7)	488.02	−0.3	—	4.25	—	8.80	489.42	488.90	492.25	353.16	525.13	14/4	403.56	2/1	525.13	14/4/86	43.96	13/12/74
67	Insurance (Brokers) (8)	1186.57	+1.0	8.61	4.04	14.73	20.59	1175.02	1172.75	1177.80	1148.11	1315.27	12/2	1159.01	14/1	1315.27	12/2/86	65.86	16/12/74
68	Merchant Banks (11)	349.24	−0.1	—	3.13	—	1.60	349.50	351.86	351.23	229.77	374.09	18/4	277.36	24/1	374.09	18/4/86	31.21	7/1/75
69	Property (51)	761.31	+0.3	5.44	3.45	24.25	4.13	759.03	751.33	752.44	638.14	769.17	22/4	635.84	23/1	769.17	22/4/86	56.01	20/4/65
70	Other Financial (23)	342.30	+0.2	8.05	4.34	15.22	2.87	341.59	343.55	343.37	286.07	362.00	4/4	287.55	24/1	362.00	4/4/86	33.29	17/12/74
71	Investment Trusts (103)	742.10	+0.9	—	2.96	—	5.78	735.63	735.29	734.13	601.69	764.85	22/4	633.36	14/1	764.85	22/4/86	71.12	13/12/74
81	Mining Finance (3)	284.66	+0.3	12.58	5.60	9.27	6.11	283.76	284.74	282.29	288.85	331.16	21/3	240.83	2/1	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (14)	700.42	+1.0	11.75	5.90	10.13	11.72	693.25	687.57	686.67	674.36	702.43	7/4	597.55	2/1	702.43	7/4/86	97.37	6/1/75
99	ALL-SHARE INDEX (736)	793.73	+0.9	—	3.88	—	9.77	786.71	783.64	780.41	634.53	832.39	3/4	664.42	14/1	832.39	3/4/86	61.92	13/12/74
		Index No.	Day's Change	Day's High	Day's Low	May 22	May 21	May 20	May 19	May 16	Year ago								
	FT-SE 100 SHARE INDEX ♦	1617.4	+18.6	1617.4	1606.8	1598.8	1591.9	1585.8	1573.1	1564.9	1313.8	1717.6	3/4	1370.1	14/1	1717.6	3/4/86	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri May 23	Day's change %	Thur May 22	xd adj. today	xd adj. 1986 to date
	British Government					
1	5 years	124.50	+0.13	124.34	—	4.58
2	5-15 years	146.82	+0.31	146.37	—	4.58
3	Over 15 years	153.88	+0.33	153.37	—	5.67
4	Irredeemables	172.82	+0.41	172.11	—	6.07
5	All stocks	141.71	+0.26	141.35	—	4.81
	Index-Linked					
6	5 years	113.59	−0.09	113.69	—	0.81
7	Over 5 years	120.52	−0.01	120.54	—	1.21
8	All stocks	119.26	−0.03	119.29	—	1.14
9	Debentures & Loans	122.21	−0.02	122.23	—	4.76
10	Preference	89.34	−0.03	89.36	—	2.97

	AVERAGE GROSS REDEMPTION YIELDS		Fri May 23	Thur May 22	Year ago (approx.)	1986 Highs		1986 Lows	
	British Government								
1	Low	5 years	7.58	7.60	10.53	10.26	20/1	7.37	18/4
2	Coupons	15 years	8.70	8.74	10.81	10.65	20/1	8.32	18/4
3		25 years	8.72	8.77	10.44	10.65	20/1	8.33	18/4
4	Medium	5 years	8.84	8.86	11.55	11.89	14/1	8.58	18/4
5	Coupons	15 years	9.01	9.05	11.08	11.15	20/1	8.58	18/4
6		25 years	9.03	9.06	10.60	10.74	20/1	8.58	18/4
7	High	5 years	8.96	9.00	11.61	12.07	20/1	8.73	18/4
8	Coupons	15 years	9.15	9.18	11.23	11.32	20/1	8.73	18/4
9		25 years	9.11	9.13	10.77	10.81	20/1	8.73	18/4
10	Irredeemables †		8.64	8.66	10.21	10.35	27/1	8.38	18/4
	Index-Linked								
11	Inflat'n rate 5%	5 yrs	3.51	3.43	0.0	5.18	14/1	3.24	29/4
12	Inflat'n rate 5%	Over 5 yrs	3.26	3.26	0.0	4.01	20/1	3.26	13/5
13	Inflat'n rate 10%	5 yrs	2.32	2.23	0.0	4.23	14/1	2.11	29/4
14	Inflat'n rate 10%	Over 5 yrs	3.10	3.09	0.0	3.85	14/1	3.09	19/5
15	Debs &	5 years	10.10	10.11	12.08	12.78	27/1	9.88	22/4
16	Loans	15 years	10.04	10.04	11.82	11.93	4/2	9.79	22/4
17		25 years	9.98	9.98	11.64	11.83	21/1	9.69	17/4
18	Preference †		10.75	10.74	12.62	12.18	24/2	10.61	9/5

♦ Opening index 1612.1; 10 am 1609.0; 11 am 1607.9; Noon 1611.9; 1 pm 1612.5; 2 pm 1615.2; 3 pm 1615.9; 3.30 pm 1616.8; 4 pm 1616.9.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

◆ Corrected figures for 15/5/1986.

RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price	+ or −	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§130	F.P.	13/6	135	124	♦Autler 5p	124	......	u3.0	2.4	3.4	17.6
115	F.P.	—	170	161	Arlington Sec. 10p	168	......	b1.7	4.3	1.4	23.0
§60	F.P.	—	61½	54	♦Brit. Isl. Airways 10p	59	+5	bd2.82	2.1	6.7	8.2
§130	F.P.	—	167	150	♦Clarke Hooper 5p	160	−4	u2.3	2.9	2.0	24.0
§125	F.P.	6/6	138	130	Comb. Lease Fin. 50p	135	—	L1.35	3.9	1.4	19.4
107	F.P.	—	131	113	Dalepak Foods 5p	130	......	R2.3	3.2	2.5	17.6
§155	F.P.	6/6	232	172	♦Davies (O.Y.) 5p	222	......	u3.4	2.7	2.2	23.9
§50	F.P.	—	60	50	♦Dean & Bowes 5p	59	−1	L2.5	1.5	6.0	15.9
§130	F.P.	6/6	151	139	♦Debior 10p	139	—	u4.0	2.7	4.0	13.1
—	—	—	35	27	German Secs. Warrts.	34	......	—	—	—	—
§120	F.P.	18/6	128	121	♦Green (E) & Part 5p	124	+2	R3.4	2.7	3.9	13.4
140	F.P.	—	150	146	Haggas (John) 10p	146	......	ud3.0	3.2	2.9	15.1
120	F.P.	30/5	130	117	Ipeco Hldgs 10p	118	......	U2.7	3.3	3.2	13.4
104	F.P.	—	118	94	Jurys Hotel	94	......	u3.75	2.1	5.6	10.4
180	F.P.	23/5	187	151	Lee International 10p	152	+1	R3.8	2.9	3.5	13.9
§70	F.P.	14/5	93	80	♦Lodge Care	87	......	u2.0	2.4	3.2	10.1
Nil	F.P.	—	62	49	Merlin Int'l Props	58	......	u0.58	2.0	1.4	43.0
157	F.P.	—	157	145	♦Monotype Corpn 10p	150	+4	R4.4	1.6	4.1	14.9
§105	F.P.	6/6	133	112	♦Musterlin 20p	132	−1	u3.0	2.8	3.2	22.7
99	F.P.	—	105	78	NMC Invs. Wrrts.	105	......	—	—	—	—
165	F.P.	—	181	170	P-E International 10p	181	+6	1.8	3.4	1.4	29.2
75	F.P.	13/6	90	81	River Merc GC&IT Inc.	90	......	—	—	—	—
10	F.P.	11/7	11½	10¼	Do. Cap	10¾	......	—	—	—	—
Nil	F.P.	—	900	690	Rodime 5p	690	......	—	—	—	6.2
§100	F.P.	—	105	104	♦Savage Group 20p	104	−1	R3.0	2.5	4.1	13.8
**	F.P.	6/6	700	560	Schroders £1 N/V	560	......	b10.75	—	2.7	—
§72	F.P.	13/6	74	72	♦Splash Prods. 10p	72	......	u3.27	1.6	6.4	14.0
§140	F.P.	6/6	143	122	Tech. Project Servs. 10p	122	......	u2.49	3.2	2.9	15.4
160	F.P.	6/6	165	172	Tip Top 10p	175	......	R2.0	3.7	1.6	23.6
§100	F.P.	23/6	102	99	♦Usher (Frank) 5p	100	......	u4.5	1.9	6.3	11.9
145	F.P.	—	158	150	Westbury 10p	158	+1	R4.1	3.1	3.7	12.5
§110	F.P.	—	139	123	Worcester 10p	139	......	u3.91	2.2	4.0	13.7

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price £	+ or −
99.999	£25	11/7	27¼	24¾	ASDA Props. 10⅛% 1st. Mt. Deb. 2011	26	......
§99.256	£30	—	29½	29⅛	Brit. Alcan Aluminium 10⅛% Deb. 2011	29⅞	......
95.527	F.P.	16/4	107¾	104½	Brit. Land 10½% 1st. Mort. Deb. 2019/24	106½	......
100	£10	—	10¼	9⅞	Cambridge Water 10% Red Deb '96-98	10⅞	......
§100	£10	3/7	11¾	9¼	Colne Valley Water 10% Red. Deb. '96/98	10½	+⅛
†100	£10	3/7	10½	10	Do. 6¾% Red. Pref. '92/94	10	......
109.89	£40	—	40	39⅞	Estates & Gen. 11¼% 1st Deb. 2018	40	......
98.146	F.P.	24/10	99½	98¾	Estates Prop. Inv. 10% 1st. Mt. Deb. 2011	99	......
97.963	£25	24/10	25¾	24⅞	Gt. Portland 9½% 1st. Mort. Deb. 2016	24⅞	−⅛
¶¶	F.P.	—	120	109½	Hanson Tst. 10% Conv. Uns. Ln. '07–12	117¾	......
¶	F.P.	29/5	111p	103p	Intl. Leisure 7¼% Cnv. Cum. Red. Pref.	108p	......
105.523	£25	—	26	24	Land Securities 10% 1st. Mort. Deb. 25	24¼	......
100p	F.P.	14/5	112p	103p	♦Lodge Care 7¾% Cum. Cv. Red. Pf. '91-96	110p	......
§99.951	£40	14/7	42	38½	Lon. Prov. Shop 10% 1st. Mtg. Deb. 2026	40½	......
§99.793	£25	—	24⅝	24⅝	Lon. Shop Prop. 10% 1st. Mort. Deb. 2026	24⅞	......
100	£10	—	10	9⅞	Mid Southern Water 10% Red Deb '95-98	10	......
—	F.P.	—	99⅞	99½	Nationwide Bld Soc 9½% 27/4/87	99¾	+⅛
—	F.P.	—	109	99⅞	Do. 9⅞% Bds 10/5-87	100¼	+⅛
§99.623	£40	30/6	41¼	33⅞	Peel Hldgs. 9⅞% 1st. Mort. Deb. 2011	39	−⅛
§87.179	£30	—	30½	29⅞	Portugal 9% Ln. 2016	29⅞	......
§99.888	£40	1/8	44	41⅛	Queens Moat 10¼% 1st. Mort. Deb. 2020	43	......
¶¶	F.P.	23/5	114p	102p	Spong 7% Cnv. Cum. Red. Pref.	114p	+9
§99.480	£25	18/7	31¼	24¾	S.E. 10⅛% Mort. Deb. 2016	28½	+¼
99.073	£25	—	25¼	25	Tops Est. 10¼% 1st. Mort. Deb. 2011/16	25	......
£100	£50	—	50¼	49⅞	Wizan Inv. 8½% Deb 2016	50¼	+⅛
§100	£10	—	10¼	10½	York Water 10% Red. Deb. 1996/98	10¼	......

"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price £	+ or −
35	Nil	20/6	27pm	24pm	Ashley Ind. Tst. 'A'	24pm	−1
355	Nil	—	55pm	50pm	Berkeley Group	50pm	......
310	Nil	—	45pm	39pm	Burmah £1	43pm	......
205	F.P.	20/6	267pm	240pm	Cornells Est. Agents	242pm	+2
316	Nil	—	14pm	14pm	Crean (J.)	14pm	......
255	F.P.	9/6	268	240	EIS	240	......
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	F & C Eurotrust	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	GM Great Nordic £10	[illegible]	[illegible]
125	F.P.	[illegible]	[illegible]	[illegible]	Hestair	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Low & Bonar 50p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Micro Bus. Systems 5p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Pres. Estates 50p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Raisers 10p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Robinson (Thos.)	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Rowlands 20p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Saatchi & Saatchi 20p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	St. Modwen Props. 10p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Sale Tilney	[illegible]	[illegible]

[illegible]

THE FINANCIAL TIMES
is proposing to publish a Survey on
THE WATER INDUSTRY
July 9 1986
For further information, please contact:
MARK FISHER
on 01-248 8000 ext 3389
Publication date is subject to change at the discretion of the Editor

LONDON TRADED OPTIONS

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
P. & O.	460	80	95	108	1	3	7
	500	40	60	73	2	13	27
	550	2½	30	43	18	35	43
	600	1	15	25	68	72	50
Racal	160	56	64	—	1	3	—
	180	36	48	58	1	6	8
	200	16	32	40	2	10	14
	220	1½	17	26	10	20	26
R.T.Z.	550	102	122	145	1	6	9
	600	52	77	100	3	15	23
	650	8	52	72	7	35	47
	700	3	33	54	52	67	70
Vaal Reefs	60	2½	9	11½	4	8½	10
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

May 23. Total contracts 18,965. Calls 14,768. Puts 4,197
*Underlying security price.

Japanese electronics hit by steeply rising yen

BY CARLA RAPOPORT IN TOKYO

TWO MORE Japanese electronics exporters yesterday announced sharp declines in profits, largely as a result of the steep appreciation of the yen against the US dollar.

Toshiba reported a 44 per cent slide at the pre-tax level for the year to March, while Mitsubishi Electric showed a 52.6 drop in pre-tax profits. Tosbiba predicted a further marked slide in profits and sales for the current year.

Salea for Toshiba were virtually unchanged at about Y2.520bn ($14.9bn). Pre-tax profits were Y80.5bn compared with Y144bn in the previous year. Mitsubishi Electric's sales dropped slightly to Y1.821bn from Y1,858bn, with pre-tax profits more than halved to Y40.3bn from Y85bn.

In addition to the higher yen, Toshiba blamed a sluggish semiconductor market worldwide. From Y435bn in cbip sales in the year ended March 1985, sales last year dropped to Y360bn.

Toshiba's consumer product sales, however, advanced by 12 per cent in the period, led by a sharp increase in sales of videocassette recorders. These increased by 70 per cent last year; sales of colour televisions, air conditioners and compact disc players were also up, while sales of microwave ovens and audio equipment fell.

The company said that exports dropped by 2 per cent in the period, and foreign exchange losses were Y20bn. In the current year, Toshiba forecasts sales to drop to Y20,720bn and pre-tax profits to drop to Y65bn, assuming Y160 to the dollar. It maintained its total dividend at Y8.

Mitsubishi Electric said that exports in the year dropped to 10.9 per cent. Sales of communication and electronic devices fell 15.1 per cent to Y468bn from Y551bn. Consumer products, also boosted by sales of video cassette recorders, air-conditioners and colour televisions, rose 4 per cent in the period. Mitsubsbi Electric raised its annual dividend to Y8 from Y7.50. It forecasts pre-tax profits of Y41bn next year on sales of Y1,850bn.

Fibre groups suffer falling sales

BY YOKO SHIBATA IN TOKYO

JAPAN'S seven leading makers of synthetic fibre supported profits in the year to March by non-textile activities and investments, partly offsetting the adverse effects of the yen's rise and the deterioration in the fibre market.

Most makers suffered a fall in sales caused by a decline in market prices for synthetic fibres, whirh outpaced the beneficial effects of a cut in fuel prices. The worsend market conditioos trimmed revenues of Teijin by Y27.6bn, Y4bn for Kuraray, Y3.7bn for Toho Rayon and Y2bn for Asahi Chemical.

At the same time, there was a widening difference in earnings at non-fibre businesses.

Teijin's revenue from polyester film produced for magnetic tapes surged, while at Asahi, sales of chemicals, resins and rubber sagged, but housing and housing materials were buoyant.

Kuraray's sales of medical equipment and artificial leather fared well. For Toho Rayon, carbon fibre sales were hit by the yen's appreciation and a fall in demand.

For the current year, all except Uoitika expect setbacks to sales and profits, as they foresee a further steep fall in synthetic fibre prices. Earnings in their non-textile divisions are unlikely to cover this, and persistent strength of the yen is likely to result in an unavoidable decline in sythetic fibre exports.

JAPANESE SYNTHETIC FIBRE MAKERS

Parent company results (Ybn), year to March 1986

	Sales	Pre-tax profits	Net profits
Asahi Chemical	774 (+1%)	38.87 (+ 9%)	15.25 (+ 9%)
Toray	622 (−1%)	27.73 (+ 8%)	16.99 (+13%)
Teijin	407 (−6%)	29.07 (+ 5%)	14.52 (+ 4%)
Uoitika	273 (−4%)	30.02 (−29%)	98.6 (+54%)
Mitsubishi Rayon	214 (−3%)	8.16 (−22%)	4.37 (− 9%)
Kuraray	204 (−1%)	39.04 (+ 5%)	19.35 (+ 4%)
Toho Rayon	84 (−6%)	11.42 (−53%)	8.64 (−14%)

Asset disposals boost MHI net income

By Our Financial Staff

MITSUBISHI Heavy Industries (MHI), Japan's largest maker of heavy machinery, showed a 33.2 per cent fall in pre-tax profits to Y58.25bn ($344.2m) in the year to March, but non-operating earnings allowed a 39.5 per cent boost for its total net outcome.

This reached Y50.14bn, on sales which at Y1.832bn were down 8.4 per cent. MHI is none the less to lift its dividend as planned from Y5 to Y6.

The result drew benefit from a Y9.1bn drop in interest outgoings to Y59.6bn. In addition, the proceeds from the sale of part of its holding in Mitsubishi Motors formed the largest element of asset disposals which contributed Y101.2bn in extraordinary gains.

For the current year, sales are expected to fall to about Y1,600bn and net earnings to Y30bn.

WestLB makes good start with 9% operating gain

BY JONATHAN CARR IN DUSSELDORF

WESTDEUTSCHE LANDESBANK (WestLB), West Germany's biggest public sector bank, expects group operating profit this year at least to equal the 1985 level of DM 1.4bn, after a rise of 9 per cent to DM 342m ($150m) in the first quarter.

Mr Friedel Neuber, chief executive, said the improved first quarter result was due in particular to strong trading profits, but virtually all sectors of the bank's business were performing well.

Despite that Mr Neuber left open whether WestLB, which is owned by the state government of North Rhine-Westphalia as well as by regional savings banks and community associations, would at last be able to resume a dividend on its 1986 results.

WestLB last made a payout for 1979. It has regularly generated buoyant profits, but has bad to plough much of that into risk provision, notably for foreign country lendiog and for the financial debacle at Deutsche Anlagen - Leasing (DAL).

WestLB, with a 30 per cent stake, is the largest single sbareholder of DAL which bas been throwing up losses and risks for years. WestLB bas set aside a total of just over DM 1bn for loss provision in connection with DAL, of which about DM 400m was added for 1985.

The DAL affair casts a shadow over WestLB's strong 1985 results, with parent bank full operating profit up to DM 1.1bn after DM 1bn in 1984.

● Commerzbank, one of West Germany's biggest commercial banks, may raise its dividend for 1986 after boosting operating profit by around 50 per cent to DM 500m in the first four months.

Mr Walter Seipp, chief executive, told the annual shareholders' meeting yesterday the bank expected "wholly satisfactory results" for the year.

Texas oil groups fight for survival

SEVERAL NEW merger agreements between oil service companies battling for survival have been announced in Houston. But many more consolidation proposals are being reappraised as the operating figures of drilling and equipment companies deteriorate on a week-by-week basis, **writes Mary Frings in Dallas.**

According to Hughes Tool Company, the number of active drilling rigs in the US dropped to a 43-year low of 757 last week, compared with 855 at the end of April and over 1,800 in the spring of last year.

"The last 60 days have really frightened people in the industry," said Mr Anthony Henfrey of Simmons and Company International, the Houston-based investment bank which has engineered at least 14 oil service company mergers.

One of the new corporate combinations involves the Land Contract Drilling division of W. R. Grace and Brinkerhoff Drilling, which is part of Texas Eastern's Petrolane Group.

JAPANESE RESULTS

FUJI ELECTRIC MACHINERY Year to	March 1986 Y	March 1985 Y
Revenues (bn)	386	381
Pre-tax profits (bn)	5.74	10.26
Net profits (bn)	3.81	6.69
Net per share	6.62	12.00
Dividend	5	5.50

FURUKAWA ELECTRIC ELECTRIC CABLE Year to	March 1986 Y	March 1985 Y
Revenues (bn)	496	463
Pre-tax profits (bn)	6.54	4.79
Net profits (bn)	3.67	3.53
Net per share	7.12	5.86
Dividend	6	5

MITSUBISHI ESTATE PROPERTY Year to	March 1986 Y	March 1985 Y
Revenues (bn)	207	192
Pre-tax profits (bn)	47.18	42.84
Net profits (bn)	23.22	20.53
Net per share	19.58	18.18
Dividend	5.75	6.50

TAISEI CONSTRUCTION Year to	March 1986 Y	March 1985 Y
Revenues (bn)	979	968
Pre-tax profits (bn)	23.06	28.35
Net profits (bn)	9.27	11.01
Net per share	11.81	14.21
Dividend	7	7

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EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$350	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$342.75
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 67,039
A=Ask B=Bid C=Call P=Put

Mitsubishi shows flat earnings at Y52bn

By Our Tokyo Staff

MITSUBISHI Corporation, Japan's largest trading house, yesterday reported flat profits for its latest year. Of its chief rivals, Mitsui and Co fared far better, while Nissho Iwai is to cut its dividend after results which were heavily influenced by special provisions.

Mitsubishi's pre-tax profits dipped fractionally to Y51.63bn ($305m) compared with Y51.72bn, with net profits of Y23.28bn, firmer by 0.5 per cent, on sales of Y16,331.78bn, down 0.6 per cent.

Imports declined by as much as Y760bn, due chiefly to the price fall of primary products such as crude oil and grains.

The company registered foreign exchange losses of nearly Y5bn, affected by the surge in the yen's value.

At Mitsui, pre-tax profits moved up 10.9 per cent to Y44.22bn, attributed to a Y8.7bn reduction in financial costs stemming from declining interest rates.

Net profits jumped 83.5 per cent to Y9.53bn, on turnover of Y16,019.82bn, up 7.5 per cent.

The sales improvement reflected a 28 per cent gain in offshore transactions centring on crude oil and machinery. This more than offset the negative impact on exports of the yen's steep appreciation.

Nissho Iwai's pre-tax profits jumped 59.5 per cent to Y30.59bn, thanks to a reduction in sales costs.

However, it registered a loss of Y69bn, resulting from the liquidation of affiliates and a depreciation burden following its withdrawal from shipping business. The losses were partly covered by profits on sales of securities, resulting in net profits of Y3.89bn, down 9.8 per cent. Turnover was Y8,821.2bn, up by 3 per cent. Nissho Iwai is to cut its anoual dividend by Y1 to pay Y5 for the year.

SAS reports 29% interim increase

By Kevin Done, Nordic Correspondent in Stockholm

SAS, the Scandinavian airline group, increased profits before tax by 29 per cent in the first six months of this year to SKr 224m ($31m) compared with SKr 174m a year earlier.

The profits of the airline operations alone were virtually unchanged at SKr 169m compared with SKr 161m. The main improvement came from its Vingresor subsidiary, Scandinavia's largest tour operator, which reported a profit of SKr 37m compared with a loss of SKr 1m.

At the same time SAS Service Partner, which has operations in flight catering, restaurants and the offshore sector, increased profits to SKr 45m from SKr 29m.

Group turnover rose to SKr 9.786bn in the six months from SKr 9.05bn, an increase of 8.1 per cent. The airline's financial year ends September, 1986.

Capital expenditure in the period jumped sharply to SKr 2.4bn from SKr 750m as a result of heavy investment in new aircraft including the purchase of nine DC-9-80s.

Mr Jan Carlzon, SAS chief executive, said that the trend of higher profits should continue through the rest of the year helped by strong growth in traffic, lower fuel prices and a favourable dollar exchange rate.

Eurobond index plan for futures markets

BY ALEXANDER NICOLL IN SINGAPORE

BY THE end of this year the Association of International Bond Dealers (AIBD) hopes to have an index available enabling futures and options exchanges to launch contracts based on Eurobonds, according to AIBD officials.

Several exchangea, including the Chicago markets, the London International Financial Futures Exchange (LIFFE), and the Amsterdam-based European Options Exchange, are keen to launch Eurobond contracts.

The existence of liquid futures and options markets is widely thought to have increased the depth of the US government securities markets. Mr Albert Wojnilower, chief economist of First Boston Corporation, told the AIBD conference that the average US Treasury bond investment was now of 15 days' duration, and noted that rising trading volume in the Eurobond market had reduced the average holding there to about 10 weeks.

Though Eurobond traders can use US T-bond futurea and options to hedge their positions, this often proves imperfect because the two markets do not move in tandem.

The AIBD, which is steadily improving and centralising price quotations in the Eurobond market, would probably publish a daily index for dollar straight Eurobonds. This would leave dealers themselvea to produce their own calculations of intra-day movements in the index caused by individual bond prica changes.

The Association is likely to authorise one or more exchanges to trade futures or options. There will be hot competition for such licences, since the exchanges themselves are anxious to use an index compiled independently which would inspire market confidence and recognition.

AIBD go-ahead for study into Nasdaq-style trading

BY ALEXANDER NICOLL IN SINGAPORE

THE AIBD yesterday voted overwhelmingly to back an extensive study of the US National Association of Securities Dealers Automated Quotation (Nasdaq) over-the-counter sbare market with a view to applying similar technology to Eurobond trading.

The SFr 1m project, which could lead to revolutionary changes in Eurobond market practices, was given the go-ahead despite obvious misgivings in some sections of the market about its implications.

Mr Damien Wigny, who steps down following yesterday's annual meeting after four years as AIBD chairman, strongly advocated the study, arguing that computer technology was unavoidable. "We should look at it so that we do not get overtaken by vastly more efficient and liquid markets," he said.

Mr Wigny is to be replaced as chairman by Mr Arther Schmiegelow, former chairman of Denmark's Privatbanken.

But questioners from the floor pointed out that the Nasdaq system has never been applied to fixed-income securities. Another reflecting wider concern about the AIBD's transformation from a trade association into a centralised, self-regulating marketplace, doubted whether the AIBD should go into competition with existing screen services. He won applause when he suggested that AIBD should stick to the objectives set at the association's foundation nearly 20 years ago.

Many Eurobond traders feel an automated price display system centralising price quotes from AIBD market makers, would undermine the role of brokers who now enable traders to deal anonymously with each other. The brokers' role is also seen as being under threat from new proposals from an AIBD committee on secondary market-making rules.

These plans, published earlier in the week, provided all the controversy in the corridors at the AIBD conference, which brought together some 1,500 people.

The proposals would establish a register of about 80 market-makers with obligations to disclose prices of trades and to quote minimum lists of bonds.

A new 15-member board, with expanded rule-making powers, was elected unopposed. It includes eight new members.

Nedbank to raise R345m

BY JIM JONES IN JOHANNESBURG

NEDBANK, South Africa's third largest banking group, is to re-finance itself with a R345m ($151.7m) share issue.

Shareholders are being offered 60 deferred ordinary shares for every 100 ordinary shares. The deferred shares, priced at R6.30, will qualify for dividends only in the next year to September 1987.

The price of the bank's existing shares bas, however, slipped on the Johannesburg stock exchange to R6.15, leading to speculation that the Old Mutual, which is underwriting the issue, could be left with shares on its bands. Old Mutual is South Africa's largest insurance group and is Nedbank's controlling shareholder with 29 per cent.

Only R100m of the new capital will go towards increasing the bank's equity base. The rest is earmarked for replacing capital lost in gilts trading and on bad debts.

At the end of March this year the market value of the gilts portfolio was R142m less than book value. Foreign currency liabilities on behalf of customers totalled R2.71bn while Nedbank's own foreign liabilities were R545m.

WORLD STOCK MARKETS

NEW YORK

WALL STREET

Stocks rise on stronger economy

STOCKS STAGED another broad advance on Wall Street yesterday, lifting averages sharply for the secood day in a row.

Analysts said signs of a stronger economy and a continuation of declining consumer prices encouraged investors.

By 1 pm the Dow Jones Industrial Average furthed advanced 20.34 to 1826.64, making a rise of 66.84 on the week, while the NYSE All Common index, at $139.02, rose 85 cents on the day and $4.58 on the week. Gains led losses by a nine-to-five margin, while the volume rose 4.73m shares to 111.96m compared with 1 pm Thursday.

Trude Latimer, of Josephthal and Co. said it was important that there was a follow-through to Thursday's rally. "It means much of the buying Thursday was legitimate," and not just a function of buy programmes tied to Options and Futures.

She said many of the blocks yesterday were for fewer than 100,000 shares, meaning institution were adding modestly to positions, or nibbling at new positions. "It's not a buying panic," she said. Adding that investors probably expect one more pullback before a prolonged upward move this summer.

Philadelphia Electric led the actives, up $¼ to $17¾.

IBM rebounded $2 to $145⅞, but Texas Instruments were off $2⅞ to $134½.

Drugs were stronger, with Merck up $1⅝ to $188, Smithkline Beckman $2⅞ to $94, Schering Plough $1 to $71½ and Eli Lilly $1½ to $71⅜.

Safeway Stores, mentioned in the past as a possible takeover candidate, moved up $2 to $44½ in active trading.

Among the Media stocks, Time Inc were lifted $2 to $76, Tribune $1¾ to $69⅜ and Capital Cities/ABC $7 to $243½.

James River declined $1⅞ to $43⅜ on lower earnings.

THE AMERICAN SE Market Value index put on 1.83 to 278.05, for a rise of 6.21 on the week. Volume 9.92m (8.6m) shares.

Wickes led the actives, unchanged at $6⅛.

CANADA

Stock prices rose in moderately active trading around midday, adding to early gains as Industrials, Utilities and Metals and Mines led the rise.

The Toronto Composite index rose 9.8 to 3048.7, but Oil and Gas eased 8.9 to 2740.0 and Golds shed 16.5 to 3793.8.

Imasco slipped $⅛ to $33⅛, although it said it will gain $800m from selling non-financial assets of recently acquired Genstar.

Husky Oil dipped $⅛ to $8⅜—it is cutting its quarterly dividend to 5 (9) cents per share.

TOKYO

Share prices soared in active trading led by Domestic-orientated issues on bullish sentiment stirred by expectations of simultaneous elections for Upper and Lower Houses of Parliament in late June, or early July, brokers said.

The Nikkei Dow market average gained 287.65 to a record close of 16,204.98, surpassing the previous record of 16,194.98 set on May 9. Turnover 700m (240m) shares.

Buying focused on Constructions, Properties and other Domestic-orientateed shares but later switched to Chemicals and Pharmaceuticals.

Brokers said expectations that the yen will stabilise at around Y170 to the dollar, because such a level would be politically beneficial for the ruling Liberal Democratic Party (LDP), helped clear away earlier worries over foreign exchange rates which had kept the market somewhat weak.

Expectations the LDP will announce domestic-demand boosting measures to attract votes also encouraged buyers to pick up Domestic-Orientated shares.

"The expectations of further rises made shares that had looked expensive before look cheap," one broker said.

Export-related Electronics and other issues rose in the morning but lost steam later as attention turned to domestic issues.

Brokers said increased prospects of a bullish market over the next few months was luring institutions with high cash positions into the market.

The SE index rose 13.83 to 1,267.10.

PARIS

Sharply lower as the market faced a wave of late-session profit taking.

Amid concern about France's large April trade deficit and the outlook for interest rates, the general market indicator dropped 2.99 per cent. Declining issues led advances 141-to-32. Heavy volume dragged the session two hours past the closing bell.

Foreigners sold most aggressively on concern that the Conservative Government's plan to restore majority voting could lead to a showdown with Socialist President Francois Mitterrand. Brokers said domestic operators were reluctant to absorb these sales because they believe stocks have become overvalued.

Building issues were especially weak as Bouygues fell FFr 126 to 1,072 and Lafarge-Copper were FFr 79 lower at 1,380. Brokers linked the declines to pessimism about the prospects for lower interest rates in the near term.

Electronics were marked broadly lower as Matra fell FFr 210 to 2,180 and Thomson-CSF FFr 6 to 1,159.

Financial, Auto and Retailing shares showed moderate declines. Metal, Chemical and Engineering issues were mixed to lower.

Foreign issues finished broadly higher, led by US and West German stocks.

GERMANY

Mixed with an easier bias after early gains could not be upheld in the course of increasingly lacklustre pre-weekend trading.

Thursday's strong performance on Wall Street and the firm dollar were insufficient to convince operators, particularly foreign investors, to hold long position over the weekend, with the US and the UK both having market holidays on Monday.

The Commerzbank index of 60 leading shares, calculated at midsession, rose 9.5 to 2001.1.

Banks were mostly lower, but Commerzbank rose DM 4.50 to 331.50 on news that partial operating profit of its parent bank in the first four months of this year was 25.4 per cent above one third of 1985 partial operating profit.

Only VW rose in Autos, adding DM 6 at 570.50.

AUSTRALIA

Sharply firmer, buoyed by continued heavy turnover in BHP and also interest in the Industrial and Mining sectors.

The All Ordinaries index moved up 17.1 to 1191.7, the All Industrials index 26.6 to 1926.1, All Resources index 10.0 to 695.2, Gold index 12.9 to 839.4 and Metals and Minerals 10.1 to 494.2.

National turnover 740m shares worth A$235.3m, with rises outnumbering falls 271 to 196.

BHP rose 10 cents to A$8.50 on a turnover of 14.1m shares—Equiticorp Tasman broker Potts West Trumbull was one of the main buyers along with J. B. Were and Clarke Vickers.

Equiticorp jumped 25 cents to A$1.60—it said it was the purchaser of 35m BHP shares this week. Bell Resources lost 10 cents to A$4.15.

BHP ally Elders IXL fell 10 cents to A$4.20, while Adsteam gained 10 cents to A$12.60.

Peko Wallsend put on 25 cents to A$4.65, Hooker 23 cents to A$2.75, TAI 20 cents to A$8.40 and Lend Lease 20 cents to A$9.00.

SWITZERLAND

Higher on large turnover as share prices were pushed ahead by the very firmer Wall Street and the stronger dollar.

One dealer added a large demand from abroad drove up Bearer shares with Swiss investers on the sidelines. Another dealer said interest focused on Blue Chips.

In the barely changed Insurances Winterthur Bearer recovered Frs 350 to 7400.

Adia's further advanced Frs 25 to 6,500.

Engineering and Technology export shares headed higher, pushed up by firmer dollar prospects.

The Bond market was mixed.

Closing prices for North America were not available for this edition.

CANADA

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

HONG KONG

JAPAN

SINGAPORE

SOUTH AFRICA

NEW YORK INDICES

CANADA

NEW YORK ACTIVE STOCKS

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Schillings.

Financial Times Saturday May 24 1986
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CURRENCIES and MONEY ... COMMODITIES AND AGRICULTURE

FOREIGN EXCHANGES

Dollar finishes below its best

The dollar slipped back from early highs to finish little changed from Thursday's close in currency markets yesterday. While retaining a bullish undertone, the dollar failed to attract sufficient impetus to push it through DM 2.29 ahead of the long weekend. Trading volume slipped away with both US and UK markets closed on Monday. Thursday's non-defence durable goods orders for April continued to give some encouragement although it was still difficult to see whether the US economy would sustain the rate of growth seen in the first quarter, for the rest of the year.

The dollar closed at DM 2.2750, little changed from Thursday's close of DM 2.2790 but well down from a day's high of DM 2.2880. It touched a high of Y170.70 against the yen before closing at Y169.65 compared with Y169.25 on Thursday. Elsewhere it finished at SFr 1.8850 from SFr 1.8905 and FFr 7.2425 from FFr 7.2575. On Bank of England figures, the dollar's exchange rate index was 116.7 from 116.4.

Sterling was a little easier in thin trading. Its exchange rate index slipped to 75.8 at the close, down from an opening level of 75.9 and Thursday's close of 76.0. Thursday's half-point cut in UK clearing bank base rates had been a bit of a surprise but did not seem to put any undue pressure on the pound. There was a revival of speculation surrounding the possibility of the pound joining the European exchange rates mechanism—it is already a member of the European Monetary System—but dealers were fairly united that although the timing may be a little more favourable, sterling's value against the D-mark was not being adjudged as too high.

Sterling rose to $1.4960 from $1.4930 and DM 3.4050 from DM 3.4025 but slipped against the Swiss franc to SFr 2.8200 from SFr 2.8225. It was a little higher against the yen at Y253.75 from Y252.75 but was unchanged against the French franc at FFr 10.8350.

£ IN NEW YORK

Latest	May. 23	Prev. close
£ Spot	$1.4952-1.4962	$1.4900-1.4910
1 month	0.41-0.50pm	0.42-0.41pm
3 months	1.16-1.15pm	1.12-1.15pm
12 months	3.28-3.15pm	3.36-3.82pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	May 23	Previous
8.30 am	75.9	76.4
9.00 am	75.8	76.3
10.00 am	75.9	76.3
11.00 am	75.7	76.3
Noon	75.9	76.3
1.00 pm	75.9	76.3
2.00 pm	75.8	76.3
3.00 pm	75.7	76.3
4.00 pm	75.8	76.0

OTHER CURRENCIES

CURRENCY RATES

CURRENCY MOVEMENTS

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

POUND SPOT—FORWARD AGAINST POUND

May 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4830-1.4985	1.4955-1.4965	0.42-0.39c pm	3.24	1.08-1.04pm	2.83
Canada	2.0290-2.0465	2.0430-2.0465	0.34-0.24c pm	1.70	0.82-0.65pm	1.47
Nethlnd.	3.81-3.84½	3.81¾-3.82¾	1½-1¼c pm	4.12	4-3¾pm	4.05
Belgium	69.02-69.79	69.35-69.45	17-12c pm	2.51	42-34pm	2.10
Denmark	12.54-12.65½	12.63¾-12.64¾	3¼-2¾ore pm	5.03	8¾-7¾pm	2.57
Ireland	1.1140-1.1240	1.1180-1.1190	0.05p pm-0.05p dis	—	0.10pm-0.10dis	—
W. Ger.	3.38¾-3.41	3.40-3.41	1½-1¼pf pm	−6.73	4¾-4¾pm	5.29
Portugal	222.83-227.99	224.40-227.62	80-315c dis	−10.56	230-845dis	−9.58
Spain	216.17-210.91	216.55-210.91	27-64c dis	−2.52	89-201dis	−2.68
Italy	2,322½-2,341½	2,332¾-2,334¾	1-7lire dis	−2.06	8-15dis	−1.97
Norway	11.45¼-11.55¼	11.53¾-11.54¾	3¼-4¼ore dis	−5.90	10¼-11¼dis	−3.70

Belgian rate is for convertible francs. Financial franc 70.35-70.45. Six-month forward dollar 1.89-1.84c pm. 12-month 3.05-2.95c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Belgian rate is for convertible francs. Financial franc 47.00-47.10.

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Long-term Eurodollars: two years 7¼-7⅝ per cent; three years 8¼-8½ per cent; four years 8½-8¾ per cent; five years 8¾-9 per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

May 23	£	$	DM	YEN	F Fr.	S Fr.	N Fl.	Lira	C $	B Fr.
YEN	3.941	6.896	15.42	1000.	42.70	11.11	15.06	9197.	8.044	275.5
F Fr.	0.923	1.381	3.143	234.2	10.	2.603	5.528	8164.	1.884	64.05
S Fr.	0.355	0.530	1.207	89.98	3.849	1.	1.355	827.5	0.724	24.61
N Fl.	0.262	0.391	0.891	66.38	9.835	0.738	1.	610.5	0.534	18.15
Lira	0.428	0.641	1.459	102.7	4.543	1.606	1.638	1000.	0.875	29.74
C $	0.490	0.735	1.268	124.5	5.308	1.382	1.875	1143.	1.	34.00
B Fr.	1.441	2.156	4.906	365.6	15.61	4.063	5.508	3565.	9.941	100

Yen per 1,000: French Fr per 10; Lira per 1,000; Belg Fr per 100.

MONEY MARKETS

Bank signals caution

The Bank of England was quick to nip in the bud any hopes of another quick cut in UK base rates by lending period money to the discount market at a penal rate. Thursday's half a point cut gave rise to numerous rumours ranging from further sharp cuts in interest rates to sterling's imminent entry into the European exchange rate mechanism.

Discount houses managed to borrow £315m over a seven day period at 10¼ per cent compared with a prevailing seven day interbank rate of 9⅞-10¼ per cent. Weekend money was available between 9 per cent and 11 per cent. The Bank's desire to haul on the handbrake did not really filter through to longer periods with three-month interbank money quoted at 9⅞-10₁⁄₁₆ per cent compared with 10⅛-10¼ per cent.

The Bank of Eogland forecast a shortage of around £950m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £576m and Exchequer transactions a further £20m. There was also a rise in the note circulation of £295m and banks brought forward balances £60m below target. The Bank gave early assistance in the morning of £206m through outright purchases of £6m of eligible bank bills in band 1 at 9⅞ per cent and £30m in band 2 at 9⅞ per cent. In band 3 it bought £2m of local authority bills and £81m of eligible bank bills all at 9⅞ per cent and £89m of eligible bank bills in band 4 at 9⅞ per cent.

Additional help was given in the morning of £62m through purchases of £36m of eligible bank bills in band 2 at 9⅞ per cent, £9m in band 3 at 9⅞ per cent and £17m in band 4 at 9⅞ per cent. At the same time the Bank made it clear that discount houses wishing further help would have to apply at 2.30 pm.

The forecast was revised to a shortage of around £1,000m, before taking into account the early help and the Bank gave additional assistance in the afternoon of £324m through outright purchases of eligible bank bills in band 2 at 9⅞ per cent. The Bank also lent £315m to the discount market for seven days at 10¼ per cent. Total help came to £909m.

At the weekly Treasury bill tender the average rate of discount fell by 0.3141 per cent to 9.4880 per cent. The £100m of offer attracted bids of around £515m and all bills offered were allotted. The minimum accepted bid was £97.635, met at that level and above in full. Next week a further £100m of bills will be on offer, replacing a similar amount of maturities.

UK clearing bank base lending rate 10 per cent from May 27

FT LONDON INTERBANK FIXING

(11.00 a.m. May 23) Three months US dollars		Six months US dollars	
bid 6 13/16	Offer 7 1/16	bid 6 13/16	Offer 7 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

May 23	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard In'v'tin
Frankfurt	3.90-4.00	4.55-4.65	4.50-4.65	4.50-4.65	4.50-4.65	6.5
Paris	7¼	7 1/16-7 3/16	7-7¼	7 1/16-7 3/16	2⅞-7	7¼
Zurich	⅞-1⅛	4⅛-4⅝	—	4⅛-4⅝	—	—
Amsterdam	6-6¼	6 1/16-6⅛	—	5¾-6⅛	—	—
Tokyo	4.05125	4.59375	—	4.66665	—	—
Milan	13-13⅛	13-16⅛	—	16⅛-12⅞	—	—
Brussels	5.35	7 3/16-7 5/16	—	7¾-7⅞	—	—
Dublin	10¼-10⅜	10¼-10⅜	10⅛-10 5/16	10-10¼	9¾-10	—

LONDON MONEY RATES

May 23	Over night	7 days notice	Month
Interbank	9-11	9⅞-10¼	10-10¼
Sterling CDs	—	—	10-10⅛
Local Authority Depos	9¾-10⅛	9⅞-10⅛	10-10⅛
Local Author'y Bonds	—	—	10¼
Discount Mkt Depos.	8-10	9¾	9⅞
Company Depos	10	10-10¼	10
Finance House Depos	—	—	10⅛
Treasury Bills (Buy)	—	—	9⅞
Bank Bills (Buy)	—	—	9⅞
Fine Trade Bills (Buy)	—	—	10⅜
Dollar CDs	—	—	6.85-6.90
SDR Linked Depos	—	—	6⅛-5⅞
ECU Depos	—	—	7 1/16-7⅛

Treasury Bills (sell): one-month 9¾ per cent; ... Bank Bills (sell): one-month 9¾ per cent; three ... Bills: Average tender rate at discount 9.4880 per cent ... Scheme IV reference date April 2 to May 5 (inclusive) ... Local authority and Finance Houses seven days' ... fixed. Finance Houses Base Rate 11½ per cent ... Deposit Rate for sums at seven days' notice 4.35-4... Tax Deposits (Series 8): Deposit £100,000 and ... 10½ per cent; one-three months 10¼ per cent; ... six-nine months 9¾ per cent; nine-12 months 9¾ ... 9¾ per cent from May 14. Deposits held under Series ... withdrawn for cash 6 per cent.

REVIEW OF THE WEEK

Zinc price hits 1986 high

BY RICHARD MOONEY IN LONDON AND DAVID OWEN IN CHICAGO

THE RECENT strength of the world zinc market was underlined yesterday as leading producers all raised their European selling prices by $30 to $760 a tonne.

Although the move came as little surprise to traders it encouraged further gains on the London Metal Exchange (LME), where the cash position put on £6.50 to reach a 1986-high of £482 a tonne, up £29.75 on the week.

Analysts were cautious about the prospects for further substantial gains, however. At Shearson Lehman Bros Mr Stephen Briggs said producer support buying had probably played a part in the recent price rise, which had been justified by production cutbacks, strikes and extended summer closures. But he thought the producers would do well to settle for a gradual increase from the current level rather than risk a repeat of last year's experience, when a sharp rise to mid-February was followed by an even sharper sell-off.

At Rudolf Wolff Mr James Leahy also counselled caution. "Latest figures show strong consumption and low production," he said, "but the summer is traditionally a bad time for consumption and prices."

Mr Briggs expects a small production deficit this year while Mr Leahy predicts a small surplus, but both agree that the consumption trend holds the key to price prospects, with the level of Chinese demand and activity in the world motor industry being particularly important.

The Wolff analyst stresses that the market will need to see some "genuine trade business" if the recent shallow uptrend is to be maintained. Otherwise investors may decide to follow the time-honoured maxim — "Sell in May and go away."

In Chicago meanwhile agricultural futures markets had a depressed week as the bullish impact of the Chernobyl nuclear accident continued to fade. By Thursday's close the July wheat contract had lost 7 cents on the week and another couple of cents was lost in early trading yesterday. Smaller losses were registered in maize contracts.

"Now that concern over Chernobyl has largely gone you have to get back to fundamentals, which are overwhelmingly negative," one analyst commented. "The Chernobyl situation just shook the jar, changed some ownership and brought some new owners into the market," he added.

Most operators expect produce to continue to flow on to the market both from domestic sellers and from abroad. "With lower loan rates (support levels) affecting wheat already and corn (maize) and soyabeans soon, I think farmers will be more willing to sell at these levels," says Mr Ralph Waldron, grains analyst at Stotler and Co. Mr Waldron also expects fresh supplies from the major South American producers. "Even if they need to buy themselves later, they will expect to do so at lower levels," he says.

Livestock markets were also down with the Chicago Mercantile Exchange (CME) live cattle futures contract plunging the permissible daily limit to 54.52 cents a pound on Wednesday. Heavy supplies, stemming partly from the slaughter of cows under the Government's dairy buyout programme, were widely blamed for the fall.

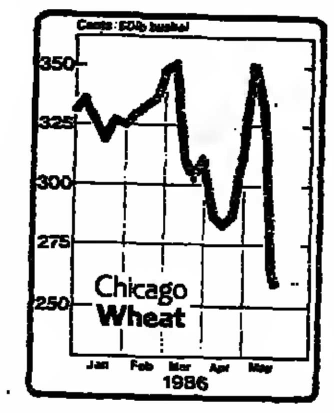
Although the market rallied the next day few traders expect the recovery to be sustained. "I will be very surprised if the June market rallies much above 57 cents a pound," said one floor trader.

Hog futures slid as well, after the CME's June contract hit a high of 49.40 cents a pound on May 20. "Wholesalers and retailers are still adjusting to seasonally higher price levels," according to Mr Charles Levitt, livestock analyst at Shearson Lehman Bros. "That's why some markets have weakened despite the dwindling number of hogs for slaughter."

The forthcoming USDA cold storage report is likely to be an important influence on next week's hog price trend. If, as expected, storage levels are put at around 69.5m lbs, most traders project some firming of prices. A figure nearer 71m lbs would probably induce further weakness.

● In Geneva 50 producing and consuming members of the International Natural Rubber Agreement ended three weeks of negotiations without agreement on a new five-year pact to replace the current one when it expires in October 1987. Delegates said they had failed to bridge the gulf between the two sides' long-standing positions over the buffer stock reference price and the semi-automatic intervention trigger system.

Negotiations will resume in October after the International Natural Rubber Organisation's ruling council has studied the outstanding issues at its meeting in Kuala Lumpur next month.



WEEKLY PRICE CHANGES

† Unquoted. (g) Madagascar. (v) May-June. (z) June. w July. x June-July.

INDICES

REUTERS

May 23	May 22	M'th ago	Year ago
1760.5	1752.0	1725.6	1222.8

(Base: September 18 1931=100)

DOW JONES

Dow Jones	May 22	May 21	Month ago	Year ago
Spot	122.23	126.72	—	112.48
Fut.	117.95	117.9d.	—	121.61

(Base: December 31 1931=100)

GRAINS

Business done—Wheat: May 115.95, July 113.90-3.50, Sept 99.15-9.00, Nov 101.90-1.80, Jan 104.95-4.85, March 107.65-7.40. Sales: 348 lots of 100 tonnes. Barley: May 114.00, Sept 104.05-3.95, March untraded. Sales: 47 lots of 100 tonnes.

ALUMINIUM

Official closing (am): Cash 769-70 (763-7), three months 769-70 (758-60), settlement 770 (757-6) ... Final Kerb close: 757-6. Turnover: 44,950 tonnes.

	Unofficial close (p.m.)	+ or −	High/low
Cash	769-3	−8.5	—
3 months	760-0.6	−5.25	769/752

COPPER

Official closing (am): Cash 934-5 (930-30.5), three months 946.5-7.5 (941-1.5), settlement 935 (930.5). Final Kerb close: 944-5.

Higher grade	Unoffic'l close	+ or −	High/low
Cash	931-6	−6	936/934
3 months*	944-4.5	−5.25	948/944

* Grade "A"

CATHODES

Official closing (am): Cash 917-8 (912-3), three months 934-5 (927-8), settlement 918 (913). Turnover: 91,600 tonnes. US Producer prices 65/71 cents per lb.

Cathodes			
Cash	915-9	−8	—
3 months*	968-30	−6	—

* Standard

LEAD

Official closing (am): Cash 248.5-8.95 (245.5-6), three months 254.5-5 (251.5-2.5), settlement 249.5 (246). Final Kerb close: 252-3. Turnover: 11,925 tonnes. US Spot: 19-20 cents per lb.

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	247.5-8.5	+1.5	249/249
3 months	253-3.5	+0.5	255/251.5

NICKEL

Official closing (am): Cash 2,710-5 (2,691-5), three months 2,765-8 (2,754-5), settlement 2,715 (2,695). Final Kerb close: 2,745-55. Turnover: 1,134 tonnes.

Kuala Lumpur Tin Market: Close — (14.01) ringgit per kg. Up/Down — ringgit per kg.

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	2675-80	−5.5	2715/2675
3 months	2743-50	−5.5	2776/2754

ZINC

Official closing (am): Cash 481-1.5 (473.5-4.5), three months 483-3 (485.5-6), settlement 481.5 (474.5). Final Kerb close: 480-1. Turnover: 18,350 tonnes. US Prime Western: 35¾/36¾ cents per lb.

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	481.5-2.5	+6.5	481/481
3 months	482.5-5	+6	482/484

GOLD

Gold rose $1¼ an ounce from Thursday's close in the London bullion market yesterday to finish at $342-$342½, its best level of the day. It opened at $341-341½ and touched a low of $340¾-341 but found reasonable support around this level. However trading volume was low ahead of the long weekend.

GOLD BULLION (fine ounce) May 23

Close	$342-342½	(£229¾-230¼)
Opening	$341-341½	(£227¾-228¼)
M'n'g fix.	$340.25	(£226.16)
Aft'n'n fix	$341.10	(£220.410)

GOLD AND PLATINUM COINS

Kr'g'r'nd.	$342¾-343¾	(£229-229½)
½ Krug.	$179-180¼	(£112½-120½)
¼ Krug.	$91-92	(£60¾-61½)
1/10 Krug.	$37-37¾	(£24¾-25¼)
Mapleleaf	$351¾-358¼	(£235-235½)
Angel	$348¾-350¾	(£233-234½)
1/10 Angel	$34-39	(£22¼-26)
New Sov.	$81¼-81¾	(£54½-54¾)
Old Sov.	$86½-88	(£57¾-58¾)
$20 Eagle	$450-470	(£287¼-314)
NoblePlat	$420-425¼	(£280¾-284¼)

SILVER

Silver was fixed 7.45p an ounce higher for spot delivery in the London bullion market yesterday at 335.15p. US cent equivalents of the fixing levels were: spot 500.2c, up 7.35c; three-month 508.25c, up 7.4c; six-month 516.8c, up 7.4c; and 12-month 535.7c, up 7.95c. The metal opened at 334-335½p (500-502c) and closed at 338-339½p (503-505c).

SILVER per troy oz	Bullion Fixing Price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	335.15p	+7.45	341.00	+6.5
3 months	342.20p	+7.45	348.25p	+2.75
6 months	350.80p	+7.65	—	—
12 months	366.50p	+8.00	—	—

LME—Turnover 14 (15) lots of 10,000 ounces. Three months high 354p, low 349p, final kerb 342-4p.

SOYABEAN MEAL

	Latest close £ per tonne	+ or −	Business Done
June	127.5-127.9	+0.10	128.0-127.5
August	125.0-125.5	......	126.3-125.2
October	126.0-126.7	−0.10	126.0-125.5
Dec.	126.1-126.5	......	126.5-126.2
Feb.	129.0-123.5	−0.05	—
Apr.	130.0-130.7	−0.05	—
June	130.0-130.7	+0.10	—

Sales: 388 (338) lots of 20 tonnes.

COFFEE

In a quiet pre-holiday trading Robustas rose only to slip back to unchanged by midday, reports Drexel Burnham Lambert. An afternoon rally in New York prompted London to new highs but further trade pressure forced values down again.

COFFEE	Yesterday Close	+ or −	Business Done
May	1985-1989	+18.5	2000-1958
July	2026-2030	+14.5	2050-1999
Sept	2061-2065	+9.5	2095-2040
Nov	2090-2095	+5.8	2120-2080
Jan	2110-2120	+2.5	2130-2100
Mar	2130-2136	+9.5	2155-2150
May	2140-2180	+20.0	—

Sales: 2,727 (6,837) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for May 22: Comp. daily 1979 171.93 (173.10); 15-day average 180.19 (181.62).

COCOA

Futures trades within a £20 range and ended a fairly active afternoon near the highs. No physical interest was seen from consumers. But some light producer business was noted, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or −	Business Done
May	1306-1312	+11.6	1316-1296
July	1310-1311	+4.0	1314-1286
Sept.	1339-1336	+4.5	1536-1510
Dec.	1370-1378	+6.0	1376-1358
March	1396-1398	+8.5	1400-1386
May	1412-1416	+7.0	1418-1405
July	1427-1430	+7.0	1430-1425

Sales: 2,793 (1,376) lots of 10 tonnes.

ICCO Indicator prices (US cents per pound). Daily price for May 23: ...

POTATOES

Sales: 567 (705) lots of 40 tonnes. Earlies—July 108.50, +1.00. Sales: 0 lots of 10 tonnes.

OIL

Reported trades were essentially confined to July and August Brent. July traded around $14 while August opened around $13.90, weakened to $13.50 but rose in talk towards the close. Nymex July WTI opened virtually unchanged, traded 25c up at noon and 45c up at 1.45 EDT. In the petroleum products market prices were little changed with most London traders looking forward to Monday's holiday—Petroleum Argus, London.

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—June		
Arab Light	—	—
Arab Heavy	—	—
Dubai	11.75-11.65	+0.45
Brent Blend	14.49-14.50	+0.70
W.T.I. (1pm est)	16.80-17.00	+1.56
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North west Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	195-600	—
Gas Oil	131-133	—
Heavy fuel oil	49-50	—
Naphtha	139-141	—

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yesterday's Close $ US per tonne	+ or −	Business Done
June	154.50	+0.50	156.75-53.50
July	136.60	+0.76	154.75-53.75
Aug	135.60	+1.00	134.25-35.00
Sep.	136.25	+1.26	136.75-35.00
Oct	135.50	—	136.00-35.50
Nov.	157.50	+1.00	137.50
Dec.	155.00	−1.75	—

Turnover 2,137 (3,056) lots of 100 tonnes.

RUBBER

US MARKETS

TRADERS WERE featured buyers in the coffee market, aiming for buy-stops on the July contract, but a steady dollar and overhead producer selling depressed the market which closed at the day's lows. Rumours of a cool front off the Argentine coast were later dismissed. Cocoa futures firmed at midsession following a rally on commission house and computer fund short-covering; much of the activity was contributed to book-squaring ahead of the three-day weekend. News that the dollar was off its highs took some of the downward pressure off the precious metals markets. Sugar closed on a firm note, with news of a lower production reported from Taiwan, reports Heinold Commodities.

NEW YORK

CHICAGO

SPOT PRICES—Chicago loose lard 10.00 (same) cents per pound. Handy and Harman silver bullion 318.0 (503.5) cents per troy ounce.

SUGAR

Sales: 1,615 (1,276) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £222.00 (£221.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for May 22: Daily price 6.93 (same); 15-day average 7.85 (7.95).

No. 6 oil contract—Aug 186.2-8.0; Oct 191.2-3.0. Sales: 1 lot of 50 tonnes.

FREIGHT FUTURES

	Close	High/Low	Prev.
Dry Cargo			
July	647/648	666/660	649/650
Oct.	732/734	741/734	756/736
Jan.	755/759	760	762/760
April	799/805	—	800/810
July	700/750	—	720/750
Oct.	795/850	—	800/820
Jan.	830/870	—	800/860
Apr.	850/900	—	850/900
BFI.	664.0	—	664.5

Turnover: 101 (156).

	Close	High/Low	Prev.
Tankers			
May	1120/1250	—	1215/1280
June	1080/1100	1100	1070/1100
July	1000/1068	—	1025/1058
Sep.	1050/1100	—	1050/1100
Dec	1050/1100	—	1075/1095
Mar	1100/1200	—	1100/1150
BTI	1977.5	—	1260

Turnover: 27 (35).

MEAT

Pigmeat sales: 0 (1) lots of 50 carcases, 3,250 kg.

Beef sales: 1 (2) lots of 20 sides.

Month	PIGMEAT Y'days close	+ or −	BEEF Y'days close	+ or −
May	—	—	—	—
June	104.10	+6.60	191.80	−3.20
July	105.40	+0.60	190.00	−1.60
Aug.	102.50	+0.50	124.50	+2.00

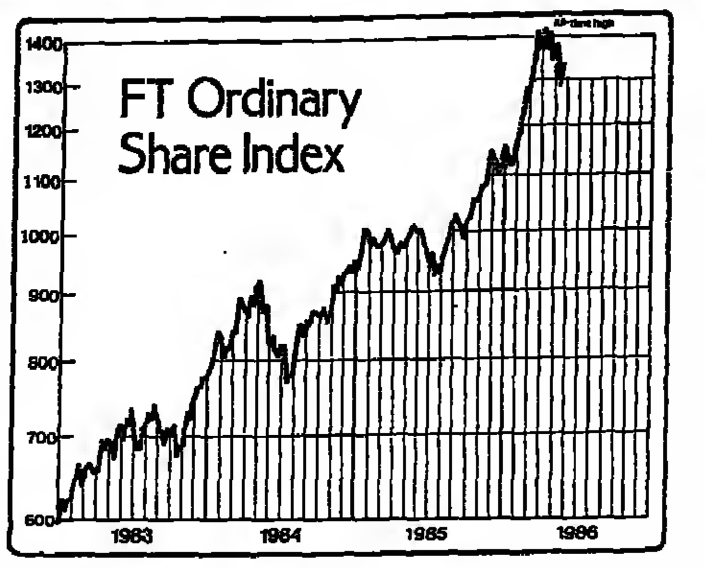
MARKET REPORT

Equities respond to base rate cuts and firm Wall Street—FT index up 15.1 at 1,331.4

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
May 12	May 29	May 30	June 9
June 2	June 12	June 13	June 23
June 1	June 26	June 27	July 7

* "New-time" dealings may take place from 9.30 am two business days earlier.



The reduction in UK interest rates to their lowest level since January 1985 and the fresh show of strength on Wall Street—on Thursday the Dow Jones Industrial average re-established itself above 1,800 with a leap of over 31 points — helped to sustain London equity markets as the second leg of the long holiday Account drew to a close.

The NatWest-inspired move towards cheaper credit was immediately endorsed yesterday by the Bank of England, which cut money market dealing rates by ½ per cent. Dealers marked blue chip industrials up sharply. Investors were encouraged by Phillips and Drew's forecast that UK rates should continue to fall to around the 8 per cent level by the end of the year and by President Reagan's bullish remarks on Thursday on US interest rates.

Demand faded after an early flurry and it soon became obvious that many operators were content to scale down their positions ahead of the long weekend. Afternoon trading was minimal until news that Wall Street had opened strongly fuelled a further advance by leading stocks.

The FT Ordinary share index rose steadily throughout the session to finish 15.1 higher at 1,331.4. The index recovered the previous week's fall of 40.8 during its uninterrupted five-day rally.

Early business in equities was coloured by the sparkling market debut of property developers Arlington Securities; the shares, some 34 times oversubscribed at the offer-for-sale price of 115p, got away to a flying start, opening at 161p and quickly touching 170p prior to settling at 168p for a first-day premium of 53.

Gilt edged stocks initially made modest progress, more in sympathy with the return of confidence in US Bond markets than the UK's move towards cheaper money. Trading was unenthusiastic and fairly limited throughout the "house" session. However, conditions changed after-hours' following the Government Broker's unexpected move in reactivating the long tap, Treasury 3 per cent 2009, being on and off at a lower level of £21¾. This fuelled late demand for other longer-dated stocks which ended with gains ranging to ½.

Low Coupons, however, showed little change after the 3.30 pm announcement of new official funding in this area—via the issue of £400m Treasury 3 per cent 1991, issued by tender at the minimum price of £86 per cent, payable in full.

Abbey Life below best

Takeover speculation returned to Life insurance with Abbey Life and Pearl well supported on talk of imminent bid developments; the former touched 218p before closing 6 better on balance at 213p, while the latter gained ¾ at £13¾. Elsewhere, Lloyds Broker Sedgwick advanced 8 to 348p in response to speculative buying.

NatWest, a depressed market since announcing a record £714m rights issue just over a week ago, rallied 10 to 750p in an otherwise idle banking sector.

Textile Group John Haggas staged a satisfactory market debut; the shares, offered at 140p, progressed to 150p before settling at 146p.

Bass continued to respond to the better-than-expected interim results and hardened 5 for a gain on the week of 50 to 800p. Greenall Whitley, 179p, recovered most of Thursday's fall of 7 that followed the first-half figures.

Leading Buildings attracted early support on interest rate considerations. Blue Circle, additionally boosted by Press comment, rose 9 to 682p, while BPB Industries firmed 8 more to 490p for a rise on the week of 30. Costain were in demand at 544p, up 8 and Tarmac hardened 4 to 470p. Buyers also favoured Redland, 4 dearer at 428p, and RMC, a like amount to the good at 648p. Elsewhere, Ibstock Johnsen came to life following Press comment suggesting that Redland is poised to bid for the company and the shares touched 196p prior to closing a net 12 up at 190p. Wilson (Connolly) improved 6 to 478p in reply to the chairman's confident statement at the annual meeting, while Raine Industries, still awaiting the outcome of merger talks, added 3 at 56½p. Robert M. Douglas attracted fresh speculative buying and advanced to 108p before profit-taking left the close only a penny dearer on balance at 101p. Takeover favourite Manders firmed 3 more to 273p.

Wall Street influences helped ICI rise 9 to 901p. Among other Chemical issues, Coalite attracted support ahead of next Wednesday's annual results and gained 11 to 259p.

Agreed bid for H. Samuel

Initial interest in Stores was captured by jewellers H. Samuel following the agreed bid from high street rival Ratners. The former's ordinary shares advanced 10 to 335p with the more widely-traded A shares finally 3 dearer at 138p, after 141p. Ratners lost the turn at 160p. Elsewhere, A. Goldberg hardened a couple of pence to 147p awaiting Tuesday's preliminary results, while revived speculative support lifted J. J. Dewhirst 4 to 100p. Among the leaders, Harris Queensway, 264p, and GUS A, £10¾, both gave modest ground in the wake of the Times Furnishing deal announced on Thursday. Woolworth, still anticipating an increased offer from hostile suitor Dixons, added 5 more at 860p—a rise of 55 over the five-day period.

British Telecom led the way in Electricals, rising 10 afresh to 240p on renewed support ahead of the preliminary figures scheduled for June 19. GEC continued to respond to a broker's recent circular and added 4 more to 196p, while Racal firmed a like amount to 212p. Plessey, however, softened a couple of pence to 216p after comment on the uninspiring annual results. Elsewhere, Sunleigh jumped 5½ to 33½p in reply to Press comment. FKI, the owner of a 15 per cent stake in Sunleigh and already a rising market this week following the purchase of Thorn EMI's engineering and components division, improved a penny more to 84½p; Aircall advanced 10 to 255p on demand ahead of Wednesday's annual figures and Pbicom revived with a speculative gain of 10 at 30p. UEI rose 10 to 276p, but Microfocus lost another 10 to 180p on further consideration of the poor results.

Secondary issues provided the major movements in Engineerings. Birmid Qualcast rose 5½ to 127p as takeover hopes revived and Symonds advanced 4 to 27p on the announcement that Belgrave Investment Trust had increased its stake in the company to just over 8 per cent. Laird rose 9 to 257p on speculative demand and Beauford recorded a press-inspired gain of 11 at 138p. Mitchell Somers put on 6 to 120p as did Castings to 78p. Johnson Firth Brown attracted after-hours support and closed 3 to the good at 40p, but Richardson Westgarth lost 5 to 33p, after 32p, on nervous offerings ahead of Wednesday's preliminary statement. Of the leaders, GKN hardened a penny more to 338p, after 340p.

Reports that the company may become involved in a joint venture with Coca Cola as part of the proposed acquisition of Canada Dry, coupled with a lively traded option business, lifted Cadbury Schweppes 12 to 172p. Rowntree Mackintosh moved up 7 to 490p in sympathy. Elsewhere in the Food sector, Unigate added 3 more to 278p, while Fitch Lovell revived with a gain of 10 at 270p. Bassett jumped 22 to 195p as bid rumours revived, while USM-quoted Wold put on 13 to 70p, after 75p, following the annual meeting.

Dealings in Friendly Hotels resumed at 148p with a close of 153p compared with the suspension price of 133p following the £4.28m rights issue and hotel acquisition news. Among the Hotel leaders, Grand Metropolitan rose 10 to 415p.

Beecham up again

Miscellaneous industrial majors warmed to the prospect of cheaper money. Beecham, still reflecting a Merrill Lynch "buy" circular, advanced 10 more, making a gain on the week of 42 at 405p. Glaxo, unsettled of late by Zantac price worries, rallied 18 at 983p, while Metal Box rose 15 to 715p following press comment. Unilever gained ¾ at £16¼ and Hanson Trust rose 5 more to 178p, the latter on further consideration of the sale of part of SCM's assets for around £105m cash. Boots, well supported earlier in the week on talk of a bid from Fisons, eased a shade to 264p. Elsewhere, Norcros jumped 15 to 250p as investors showed increased interest ahead of next month's results and Low and Bonar moved up 12 to 435p following press comment. Powell Duffryn, with results scheduled for June 2, improved 9 at 305, while Broken Hill Proprietary advanced 9 to 397p, awaiting further bid developments. Hopes of a bid from P & O Deferred lifted AB Ports 28 more to 618, while renewed speculative support prompted gains of 1½ and 10 respectively in Combined Technologies, 13½p, and Hestair, 168p. Talbex, however, softened a fraction to 7p following news of the interim deficit.

The Leisure sector displayed several contrasting movements. Brent Walker rose 12 to 148p following the annual report, while USM-quoted Greenwich Cable gained 7 to 36p on contract hopes. On the other hand, Aspinall Holdings dipped 5 to 151p, after 148p, following the disappointing annual results, while USM-quoted Spectrum shed 1½ to 21½p after the poor interim figures. Intervision attracted support following press comment and touched 9p prior to closing a net 1½ up at 7p. WSL hardened 2 to 192p.

United Newspapers eased a few pence to 268p following acquisition news. In contrast, Carlton Communications attained a new peak of 930p before settling 40 higher on balance at 920p following the bumper interim profits and proposed acquisition of Complete Post of the US for $31m. Among advertising agencies, Saatchi and Saatchi rallied from 750p to close 10 up on balance at 770p in response to the success of the rights issue. Boase Massimi Pollitt advanced 10 to 305p on a reported brokers recommendation. Paper/Printing highlighted DRG which met with revived speculative demand and improved 16 to 276p. Buyers also returned for Goodhead Print, 9 up a 122p while further consideration of the preliminary results lifted Ferguson Industrial 11 for a two-day gain of 18 to 268p.

Although overshadowed by the sparkling debut of market newcomer Arlington Securities, leading Properties still enjoyed a reasonable business in the wake of the latest round of base-rate cuts. Price movements however, were limited to a couple of pence in either direction. Selected secondary issues attracted support with Regalian and London and Edinburgh 20 higher at 335p and 565p respectively. Further demand in a restricted market lifted Rivlin 15 to 138p, after 140p, while Egerton gained 5 more to 83p. Parkdale found support at 59p, up 7, while Percy Bilton hardened a couple of pence to 260p on suggestions of a possible bid from Clayfrom. Country Gentlemen's Association rose 2½ points to £23½ for a gain of 8½ points over the five day period pending fresh developments in the battle for control of the company between Bestwood and Fredericks Place. Marler Estates slipped 10 to 370p; earlier in the week, the company announced the acquistion of Fulham Football Club for some £9m.

Courtaulds were again in demand ahead of next Thursday's annual results and put on 2 more for a week's rise of 24 to 284p; pre-tax profits estimates range up to £145m. Elsewhere in Textiles, revived speculative interest lifted Stroud Riley Drummond 8 to 100p, after 112p, while "call" option activity aided Youghal Carpets, finally 2½ to the good at 11½p.

City and Foreign Investment hardened a few pence to 129p following the increased offer from Harvard Securities. Financials were generally quiet, although fresh support developed for Britannia Arrow, 4 up at 133p, while news of the board changes boosted James Ferguson 9½ to 39½p.

Shell up again

The oil majors continued to make progress, helped by the latest improvements in crude oil prices and overnight US support which followed through into London trading. BP rounded off a good week with a further 7 rise to 582p and Shell added 10 more at 807p for a week's gain of 30. Britoil hardened a shade to 180p, as did Burmah, to 354p, but Enterprise slipped 3 to 118p and Ultramar gave up 5 to 168p.

Among secondary issues, British Borneo continued to reflect the good preliminary results announced on Thursday and moved up 5 to 350p, but Carless Capel eased 2 to 68p following the annual figures. Elsewhere, Norsk Hydro rose ¼ to £12¾ on news that the company is seeking a listing on the New York Stock Exchange.

Overseas Traders closed a shade firmer for choice. Recovery prospects stimulated fresh support for Inchcape, another 10 to the good at 370p, while Harrisons and Crosfield, full-year figures scheduled for Wednesday, put on 6 more to 388p.

Another firm showing by the Financial Rand and a resilient performance by the bullion price prompted further support for South African issues. Golds were marked higher at the outset of trading and continued to improve on steady buying interest from the Continent before turning easier after-hours on the appearance of American selling. Nevertheless closing gains were sufficient to lift the Gold Mines Index 9.3 to 237.6. Over the week the index showed an 8.5 decline, mainly resulting from the flurry of selling pressure earlier in the week following the South African attacks on targets in Zambia, Zimbabwe and Botswana.

Vaal Reefs were the outstanding performer in leading Golds and rose £1½ more to £40 while gains in the region of a point were common to Randfontein, £47, Buffels, £13½, and Southvaal, £18½. In the cheaper priced issues Blyvoor, 338p, Harmony, 587p, and Welkom, 388p, were all around 25 better.

Diamond producer De Beers moved up 22 to 470p while other financial issues to register significant gains included Anglo American Corporation, 30 higher at 800p and "Amcoal," 40 to the good at 800p. "Johnnies" added £3 at £60 in a thin market.

Strong gains in Sydney and Melbourne markets overnight triggered a widespread mark up of Australians at the outset of London trading. Outstanding performances in the leaders were forthcoming from CRA, eventually 12 higher at 288p and Peko-Wallsend a like amount to the good at 220p. Golds made progress across a broad front, led by Central Norseman, 10 up at 343p and Sons of Gwalia, which settled a similar amount firmer at 180p. Whim Creek rose 6 to 96p and Poseidon 4 to 125p.

Elsewhere, news of the proposed £2.5m rights issue and acquisition of Marine Mining, both of which are conditional on Geevor's receipt of Government aid, prompted persistent selling of Geevor which retreated 14 to 31p.

Traded Options

A subdued week in Traded Options closed on a relatively lively note. Cadbury-Schweppes, introduced to the option market last Monday, recorded 1,393 calls, while active business was also noted for Beecham and British Telecom which contributed 1,780 and 1,886 calls respectively. Total contracts transacted amounted to 18,965.

Allied Foods claims 1m ice cream sales

ALLIED FOODS or Hertfordshire says it has sold more than 1m of its novel icecream bars in the two weeks since their launch.

The ices are made in the company's purpose-built plant in Plymouth, where the manufacturing process makes it possible to extrude fruit and icecream at the same time before coating it with chocolate. The product was launched in Yorkshire with heavy local advertising.

Thorn EMI sale

THORN EMI has agreed in principle to dispose of REW Video Duplication, based at Wandsworth to a management team led by Mr Alastair G. Bowes, the general manager. Completion is expected by the middle of June, and consideration is to be £1.75m. Mr Bowes will relinquish his responsibilities as general manager of Thorn EMI Videodisc and Thorn EMI Video Facilities.

RISES AND FALLS YESTERDAY

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the Week Rises	On the Week Falls	On the Week Same
British Funds	83	10	19	347	100	113
Corpns. Dom. & Foreign Bonds	10	6	53	60	35	260
Industrials	344	159	988	1,637	1,213	4,607
Financial & Props.	204	61	311	600	482	1,798
Oils	23	10	87	112	73	415
Plantations	1	0	14	4	5	66
Mines	74	17	89	169	201	530
Others	110	15	95	353	225	477
Totals	849	280	1,656	3,282	2,334	8,266

FINANCIAL TIMES STOCK INDICES

	May 22	May 25	May 21	May 20	May 18	May 16	year ago
Government Secs	92.58	92.15	92.24	91.73	91.62	91.54	80.80
Fixed Interest	97.26	97.19	97.03	96.82	89.82	96.74	85.78
Ordinary ♥	1331.4	1316.3	1312.5	1305.0	1894.5	1289.5	1001.6
Gold Mines	857.6	228.3	228.0	228.6	841.8	246.1	477.3
Ord. Div. Yield	4.14	4.18	4.19	4.21	4.24	4.85	4.61
Earnings, Yld. % (full)	10.28	10.57	10.40	10.44	10.95	10.57	11.90
P/E Ratio (net) (*)	11.89	11.79	11.76	11.71	11.61	11.57	10.52
Total bargains (Est.)	25,023	26,527	29,575	25,467	89,087	25,714	23,500
Equity turnover £m.	—	480.98	449.19	396.65	365.85	490.93	487.53
Equity bargains	—	21,097	21,790	21,456	23,864	25,887	21,999
Shares traded (m)	—	204.7	203.5	187.9	178.3	218.4	228.2

♥ Opening —. 10 am 1325.2. 11 am 1324.5. Noon 1326.1. 1 pm 1327.1. 2 pm 1328.7. 3 pm 1328.9. 4 pm 1330.1. Day's High 1331.4. Day's Low 1322.0. Basis 100 Government Securities 15/10/26. Fixed interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. Activity 1974. Latest Index 01-246 8026. * Nil=11.49.

HIGHS AND LOWS

—	1986 High	1986 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	94.51 (18/4)	80.59 (20/1)	127.4 (9/1/35)	49.18 (3/1/76)
Fixed Int.	97.51 (22/4)	86.55 (23/1)	150.4 (28/11/47)	50.53 (3/1/76)
Ordinary	1439.9 (3/4)	1094.5 (14/1)	1425.9 (13/4/86)	49.4 (26/6/40)
Gold Mines	557.0 (27/1)	228.0 (21/5)	754.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

INDICES	May 22	May 21
Daily		
Gilt Edged Bargains	167.2	170.2
Equities Bargains	136.7	141.8
Value	978.2	907.8
5-day Average		
Gilt Edged Bargains	195.7	156.4
Equities Bargains	144.0	144.9
Value	882.7	904.0

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Abbey Life	213	− 6	Greenall Whitley	179	+ 6
Assoc Brit Ports	618	+28	GRE	845	− 2
Cadbury Schweppes	172	+12	Laird	257	+ 9
Carlton Comms	920	+40	Ratners	160	− 1
Douglas (R. M.)	101	+ 1	Sunleigh Elect	33½	+ 5½
Good Relations	165	—	United Newspapers	268	− 5

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
Harris Queens	21	270	+ 2	FKI Elects	15	83½	+ 5½
Beecham	20	395	+19	BTR	13	311	+ 3
Tele Rentals	19	240	+20	Coats Viyella	13	505	+10
Glaxo	18	965	− 5	BP	12	575	—
Tozer Kemsley	16	185	− 3	Brit Telecom	12	230	+ 2
Amstrad	15	564	+17	Cable and Wire	12	635	+ 5

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
Amstrad	114	564	+32	Cable and Wire	79	635	—
Glaxo	95	965	− 2	Boots	77	265	+19
Beecham	87	395	+29	Dalgety Foods	77	130	+ 9
ICI	84	892	− 3	NatWest Bank	77	740	−10
BP	83	575	+22	BTR	75	311	+ 5
Brit Aerospace	82	547	+ 7	Brit Telecom	72	230	+ 4

LEADERS AND LAGGARDS

Percentage changes since December 31 1985 based on Thursday, May 22 1986

Metals and Metal Forming	+43.85	Industrial Group	+16.89
Textiles	+38.84	Leisure	+16.34
Motors	+37.94	Overseas Traders	+16.02
Office Equipment	+30.30	500 Share Index	+15.65
Other Industrial Materials	+28.63	Stores	+15.39
Contracting, Construction	+26.45	All-Share Index	+15.19
Electricals	+26.40	Banks	+14.78
Building Materials	+25.63	Chemicals	+14.66
Publishing and Printing	+25.13	Shipping and Transport	+14.07
Mechanical Engineering	+25.10	Property	+13.42
Capital Goods	+24.90	Investment Trusts	+13.33
Merchant Banks	+23.24	Financial Group	+13.26
Health and H'sehold Products	+22.54	Food Manufacturing	+12.59
Packaging and Paper	+21.28	Other Groups	+ 8.66
Insurance (Composite)	+21.28	Food Retailing	+ 6.68
Mining Finance	+17.83	Oils and Gas	+ 6.39
Tobaccos	+17.59	Insurance (Life)	+ 3.17
Electronics	+17.27	Insurance Brokers	+ 0.50
Brewers and Distillers	+17.06	Telephone Networks	+ 0.49
Consumer Group	+17.03	Gold Mines Index	− 8.31

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (103)

BRITISH FUNDS (5). AMERICANS (16). CANADIANS (1). BUILDINGS (5). CHEMICALS (2). STORES (5). ELECTRICALS (5). ENGINEERING (6). FOODS (4). INDUSTRIALS (13). INSURANCE (1). LEISURE (1). PAPER (6). PROPERTY (6). TEXTILES (2) TRUSTS (15). OILS (4). OVERSEAS TRADERS (2). PLANTATIONS (1). MINES (2).

NEW LOWS (15)

BUILDINGS (1) Ramus. ENGINEERING (1) Bailey (C. H.). INDUSTRIALS (4) Appledore (A. & P.), High-Point Services. Intereurope Tech., Jacksons Bourne End. PROPERTY (2) Grainger Trust. Regentcrest. TRUSTS (2) British Assets 5pc Cnv. Uns. Ln. 1995. London Trust Do. Warrants. MINES (5) Cultus Resources, Eastern Petrol Aust., Southern Resources, Ayer Hitam, Geevor Tin.

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
May 19	June 6	Aug 28	Sept 8
June 9	June 20	Sept 11	Sept 22
June 23	July 4	Sept 25	Oct 6

For rate indications see end of Unit Trust Service

Money was given for the call of Equity and Law, Symonds Engineering, Sears, Sunleigh Electronics, Youghal Carpets, Mellerware, SI. Peck, Hestair, Albion, Sun Oil, F. S. Ratcliffe, Rockware and Grand Metropolitan. A put was done in BHP, while Equity and Law was dealt in for the double.

STOCK EXCHANGE DEALINGS

Details of business done below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. Details relate to those securities not included in the FT Share Information Services. Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices. For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the three previous days is given with the relevant date.

‡ Bargains at special prices. ♦ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

STERLING ISSUES BY FOREIGN GOVERNMENTS AND INTERNATIONAL INSTITUTIONS

Asian Development Bank 10¼pcLn 2009 (Reg) £107⅞. 10¼pcLn 2009 (Br) £105¾ (19/5)

Australia (Commonwealth of) 9½pcLn 2012 (Reg) £99⅛. 11¼pcLn 2015 (Reg) £116¼ (21/5)

European Invest Bank 10¼pcLn 2004 (Reg) £108¼. 10¼pcLn 2004 (Br £5000) £107¹¹⁄₁₆ ¾ (19/5). 11pcLn 2002 (Reg) £113½ (21/5)

[illegible]

CORPORATION & COUNTY

[illegible]

UK PUBLIC BOARDS

[illegible]

COMMONWEALTH GOVT.

[illegible]

FOREIGN STOCKS (coupons payable in London)

[illegible]

CORPORATIONS—FOREIGN

[illegible]

STERLING ISSUES BY OVERSEAS BORROWERS

[illegible]

BANKS, DISCOUNT

[illegible]

BREWERIES

[illegible]

COMMERCIAL, INDUSTRIAL

A—B

[illegible]

Asprey 9½pcPf (£1) 130 (16/5)

Assd British Foods 6½pcDb (1981-86) £8… £100½ (19/5). 7½pcDb 1988-93 … (19/5). 5½pcLn 1987-2002 (50p) 39½. 7½pcLn 1987-2002 … 6½pcDb 1986-91 £89

Assd Electrical Inds 6½pcLn 1991-96 £78

Assd Fisheries 6½pcLn …

Audio Fidelity (10p) 54 5

Auto Sec (Hldgs) 5pcPf (£1) 130. 8pcLn 1990-95 £336 (20/5)

Auto Products 4.55pc2ndPf (£1) 58½

… 9pcPf (£1) 120 (19/5)

Ayrshire Metal Products 6f 70 3

… Grp 5pcPf (£1) 40 (21/5)

BET 8pcDb £42 (20/5)

BICC 9pc1stPf (£1) 55. 5½pc2ndPf (£1) …

[illegible]

C—D

[illegible]

E—F

[illegible]

G—H

[illegible]

Hawtin 4.55pcPf (£1) 55 (16/5)

Hay, Robertson 5pcPf (£1) 65½ 6 (21/5)

Hepworth Ceramic Hldgs 10.4pcDb 1992-97 £102¼ (21/5)

Hestair 25 7 9 30 2 3 5 8

Hewitt (J.) (Fenton) 10pcPf (£1) 100 (20/5)

Hickson International 8½pcL … (20/5)

Higgs Hill 7pcPf (£1) 60 (16/5)

Hill Smith Hldgs 14pcDb 2000-03 … (19/5)

Hoechst Ag DM50 (Cpn 48) 380 (21/5)

Home Counties News 160

House of Fraser 4½pcPf (£1) 40 (19/5) …

Howard and Wyndham …

[illegible]

I—K

[illegible]

L—M

[illegible]

N—P

[illegible]

Q—R—S

[illegible]

T—U—Y

[illegible]

W—Y—Z

[illegible]

Financial Times Saturday May 24 1986

S E DEALINGS

Westland Wts sub Ord 10 26. 6pcDb 1983-88 £90 12(5). 7½pcDb 1987-92 £93 (19/5). 12½pcDb 2008 £117¼ (21/5)
Westwood Dawes B (12½p) 510
Whitecroft 4.1pcPf (£1) 57 (2
Wigfalls 7pcPf (£1) 97 (20/5)
Wiggins Teape (UK) 6¼pc2ndDb 1931-86 C96½ (16/5)
Williams Hldgs 10½pcPf (£1) 125. 5pcPf (£1) 247
Wilson (Connolly) Hldgs 8pcPf (£1) 62 (16/£). 10½pc2ndPf (£1) 125 (16/5)
Woodhead (Jonas) Sons 9½pcLn 1989-94 £84 (21/5)
Woolworth Hldgs 14pcLn 1997-02 C10 ¼ ½. 8½pcLn 2000 £177 81 2 2 £ 6 7 8 9
Wright (John) (Weaving) 4½pcPf (£1) 30
York Trailer Hldgs 10pcPf (£1) 136 (20/5)
Yorkshire Chemicals 12½pcLn 1987-92 £153 4

FINANCIAL TRUSTS

Armour Tst 10½pcLn 1991-96 £72 (16/5)
Australian Agricultural ($A0.50) 209
Berkeley Technology ($0.05) 1320
Britannia Arrow Hldgs Wts sub Ord 41. 6¼pcPf (£1) 65 (19/5). 0pcLn 1995-2000 £1350
Compagnie Bancaire £A (FFr100'Sm £115
Continental Assets Tst (75p) 100 1
Daily Mail and Gen Tst (50p) £7£½. 5pcPr (50p) 25
Exploration Co (5p) 02 (20.5)
F and C Enterprise Tst Scr 0 Wts sub Ord 3 (20/£). Wts sub Ord 8 (20.5)
Ferguson (James) Hldgs (10p) 29½ 30 ½ 1½
First National Finance Corp 6.3pcPf (£1) 112½ 8½ 4. 10pcLn 1992 £97
Incheape 8½pcPf 1990-02 (£1) 82 (19/£). 8pcLn 1987-90 £92 (19.5)
Intnl Invest Tst Co Jersey Wts sub Ord 150 (20/£)
Kellock Tst Pf (£p) 35 (21/5)
Mercantile House Hldgs V. Rate Ln 1024-89 £103 (21.5)
Murray Ventures Wts sub Ord 74 6
N.M.C. Invest Wts sub Ord 102 5
Pacific Invest Tst 92½. Wts sub Ord 23
Rothschild (J.) Hldgs Wts sub Ord 55 ½ 7 ½
Stewart Enterprise Inv Wts sub Ord 0 (21/£)
Stock Exchange 7¼pcDb 1090-05 £84. 13¼pcDb 2016 £26½ ¾ (21/5)

[illegible]

111 (20/£). 5pcPf £44 ...
TR City of London Trust Pf (£1) 168. 6pc1stPf 655 (19/5). 6pc2ndPf (£1) £3
TR Industrial General Tst 5¼pcDb 1992-1997 £67¼ (16/5). 5¼pcDb 1982-87 £97¼ (20/5)
TR Pacific Basin Wrnts to sub Ord 465 (16/5)
TR Technology 5pcPf (£1) 42 (21/5)
TR Trustees Cpn 6½pcDb 1987-92 £82 (16/5)
Temple Bar 7pcPf (£1) 60 (21/£)
Throgmorton Tst 7¼pc1stPf (£1) 60 (19/5). 12⅝pcDb 2010 £117
Throgmorton USM 5½pcCumPf (£1) 900
Trinlevest 7¾pcDb 1067-01 £91 (20/5)
United States Debenture Cpn 4.6pcPf £82 (20/5)
Witan 8¼pcDb 2016 (£50 pd) £50 ½ ¼

UNIT TRUSTS

M and G Gold General Fund Inc 34½
M and G Intnl Income Fund Inc 58¾ (20/5)
M and G Japan Smaller Cos Fund Inc 83¼

MINES—MISCELLANEOUS

Anglo American Invst Tst (R0.50) £46½ 7 (20/£)
Anglo United Development Cpn Com NPV (Canadian Reg) £0
Brit. Tin (10p) 200
Botswana RST (Pu 2) 5
Consolidated Gold Fields 6½pcLn 1987-02 £82½ (20/5). 7½pcLn 1999-2004 £82¼. 8½pcLn 1958-93 £91
De Beers Consolidated Dfd (R0.50) (6r) 16.05 7½ (20.5)
El Oro Mining Exploration (10p) 102 3 (19/5)
Globe Phoenix Gold (12½p) 50 (20/£)
Mhangura Copper (Z$1) 6 9 (20/£)
Minerals Resources Con (BD1.40) 600 50 5
North Kalgurli (Option 1 share) 1£½ 6½
Rio Tinto-Zinc Cpn (8r) (Cpn 54) 6550. 3.325pcAPf (£1) 4£½ Accumg 635. 6¼pcLn 1085-90 £87½ (21/5)
Zambia Consolidated Copper B (K10) 60 5 70

MINES—SOUTH AFRICAN

East Daggafontein 51½ (21/£)
Free State Cons Gold (R0.£0) £6.1 (21/5)
General Mining Union Cpn 8.5pcVarPf (R2.40) £5 (20/5)
New Kleinfontein Props (R0.25) 58 (19/5)
Orange Free State Invsts (R0.01) £14.60
Trans-Natal Coal Con (R0.50) 150 (21/5)
Western Deep Levels £8½ (20/5)

OIL

British Petroleum 9pc2ndPf (£1) 93
Burmah Oil (£1) (nil-pd) 41 2 3 4 5. 6pc2ndPf (£1) 54 (16/5). 7½pcPf (£1) 69. 8pcPf (£1) 72 6½ 120(5). 7½pcLn 1981-86 £100½ (21/£)
Great Western Resources Inc (npv) 38 44
Mobil Cpn (£2) £19½ (21/5)
Shell Transport Trading 5½pc1stPf (£1) 52 (21/5). 7pc2ndPf (£1) 74 £ ½
Texaco Intnl Financial Cpn 4¾pcLn 1051-1£09 £60½ (20/5)

PROPERTY

Alliance Hldgs 9½pcDb 1992-97 £80
Allied London 10pcPf (£1) 122 (16/5)
Allnatt London 6½pc1stDb 1996-2001 £95
Argyl Secs 12pcDb 1993-98 £104
Arrpale 1st 6½pcLn 1904-89 £87½
Asda Hldgs 10½pc1stDb 2011 (£25 pd)

[illegible]

WATERWORKS

[illegible]

East Anglian Water 2.8pcPf (Fmly 4pc) £33. 7pcDb 1987-89 £89 (20/5). 9pcDb 1902-94 £94½ ½ (21/5)
East Surrey Water 2.8pcPf (Fmly 4pc) 1985-90 £77 £33. 4.2pcPf (Fmly 6pc) £33¼ (19/5). 1¼ 9½ (19/5). 4pcDb 1991-93 £80 (21/5)
East Worcestershire Waterworks 3.85pcPf (Fmly 6½pc) £36
Essex 3.5pc (Fmly 5pc) Pf £41. 4.025pc (Fmly 5¾pc) Pf 1986-88 £86 (20/£). 8pc 4.2pc (Fmly 6pc) Pf 1984-68 £96. 4pcDb £32¼ (19/5). Pf 1989 £96 (16/5). 4¼pcDb 1989-91 6pcDb £47½ (19/5). 5pcDb 1989-91 £72. 7pcDb 1087-69 £86 (20/5)
Folkestone & District 7pc (Fmly 10pc) (£10) 600
Lee Valley Water 5.06pc (Fmly 8½pc) Pf 1995-97 £79 (19/5). 7¾pcDb 1991-93 £86 (19/5)
Mid Kent Water 3.5pc (Fmly 5pc) Pf £41. 4.2pc (Fmly 6pc) Pf 1985-87 £83 (19/6). 4.2pc (Fmly 6pc) Pf 1986-88 £86 (20/5). 4pcDb £37½ (19/5)
Mid-Southern Water 10pcDb 1005-98 (£10 Pd-26/6/86) £9¹³⁄₁₆ 10

UNLISTED SECURITIES MARKET

[illegible]

Monotype Corp New ... 26/6/86) 143 4 £ 6 7 8 9
Mustorlin Gp New (20p) (Fp/LA-6/6/86) 152
Parkfield Gp 7pcPf (£1) 100 (21/5)
Pavion International 11pcLn 1094-2002 £100 1 2 4
Perkins (J) Meats (10p) 30 (21/5)
Sipmea International (10p) 72 (21/5)
Splash Prods New (10p) (Fp/LA-13/6/86) 72 (20/5)
Usher (F.) Hldgs New (5p) (Fp/LA-23/6/86) 98 9
West Yorkshire Indepndt. Hospital (50p) 80 (20/5)
Worcester Gp New (10p) (Fp/LA-28/8/86) 137 8 40 1
York & Equity Tst (Rest Vtg) (10p) 1Rfd 1/4/86) 36 8 (20/5)

SPECIAL LIST

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

ACI Intnl 175 (20/5)
Acorn Secs 34 (21/5)
Admiral Mines 9 (21/£)
Aetna Life Cas £36½ (10/£)
American Home Prods 580 (19/6)
American Standard £25¾ (16/5)
Ampol 115 (21/5)
Amsterdam-Rotterdam 6k £2£.350 Fl 100¼ Fl 109½ 10
Anchor Hocking £19⅛ (16/5)
Apple Computer C25¾
Ashton Mining 74
Aust Guarantee Corp 1£2
Aust National Inds 145 (21/5)
Avon Prods £21¼ (21/5)
Baltimore Gas Electric £19½
Bayerische Motoren Werke US$248 (16/5)
Becton Dickinson £32⅜ (20.5)
Big Three Inds £15¼ (16/5)
Black Hill Minerals 9½
BP Canada £12
Brambles Inds 302 4 5 (19/5)
Bristol-Myers £51¼ 50⅝
Cathay Pacific Airways 46 1 7½ 9
CSF (Thomson) £125
Carrefour £360 FFr 3,250 5,900

[illegible]

Selangor Coconuts 320 (21/£)
Siemens £175 DM 618
Singapore Airlines 181 S$6 (19/5)
Smithkline Beckman £59¼ (20/5)
Sonora Gold 17£ (16/5)
Standard Oil Ohio £29
Storage Technology 27D (21/5)
Sun Hung Kai Props 103½ (20/£)
Sydney Devel Corp 23 (19/5)
Tandem Res 100 (19/5)
Tandy Corp £24½ (21/5)
Target Pet (A$0 15) 6 (20/5)
Teck Corp B £10½ (16/5)
Telerate £13 (19/5)
Thyssen DM 101
Tooth 266 (20/£)
Tri-Continental £19.20 (19/5)
Triton Energy £13¼ (16/5)
Unilever NV (F) 20) £112.00 £120¾ US$182¼
Upjohn £67½
Valiant Cons 5½
Veba £76 DM 274 6
Volkswagenwerk DM £63
Walker (Hiram) Res £17⅛ (21/5)
Waltons Bond 14 (20/5)
Westfield Minerals 50 (20/5)
Westmen 7 (21/5)
Woodside Pet 45
Do. (Lon Reg) 44½ 5
Woolworths (A$0 50) 135 (20/5)
Wormald Intnl 195 (20/5)
Zanex 13 (19/5)
Zayre Corp £50⅛ (19/5)

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Adnams B (£1) £18.40 .60
Airship Inds (12½p) 32½ 4 5
Airsprung (10p) 66 (20/5)
All England Lawn Tennis Gnd £500Db 1086-90 £16.6£0 (19/5)
Amal Metal Corp (£1) 140 7 (19/5)
Anglo-Am Agric 46 6
Ann St Brewery (£1) 610 20
Asira Hldgs 224 £ (20/£)
Barbican Hldgs (10p) 5 ½ ¼
Bolton Hse 15p) 39 41 (22/5)
Border TV A NV (10p) 37 ¼ (22/5)
Burad Intnl (10p) 17 20 (22/£)
Cambridge Inst (£o) 135 6
Central ITV (50p) 303 £ (10/5)
Canister Trust 95
Dart Valley Lt Rlwy (£1) 143 £0
Dawson (Wm) 464 7 (22/5)
Dolamore Hldgs (10p) 17 8 (21/6)
Explaura Hldgs (5p) 4½ ¾ (21/5)
Flightspares (10p) 745 6 (22/5)
Fredericks Place (£1) 115 6 7 8
Grampian TV (10p) £0 2 (20/5)
Greenstar Hotels (10p) 34 ½
GRI Elect (10p) 395 7 (21/5)
Hard Rock Cafe (20p) 80 2 (21/5)
Harvard Secs (2p) 31 3
(CE (10) 700 20 (22/£)
Kunick Leisure (10p) 34 £ (22/5)
Le Riches Stores (£1) £65 70 5 (21/5)
Lincolnshire Standard 250 (21/5)
Lorne Expln (£1) 42 (21/£)
Maxim Inv A (£1) 42 (21/5)
Merchant Mov Est (£1) 11£ 6
Mid-Kent Water 2.8pcPf £16 ½pc 121
Mowat (Wm) (10p) 9½ 10 2 3
Do. Nil Pd (10p) 10½ 1 (22.6)
Munro (5p) 374 5
Norton Villiers Triumph (10p) 2 3 (19/5)
Oldham Ests (50p) 9£ ½ (22/5)
Oodles (19p) 20½ 1 ½ (20/5)
Plymouth Hotel 155 (20/5)
Portsmouth Harbour (£1) 77 83 (19
Publishing Hldgs (£p) 14 6 (21/5)
St Austell Brewery (£1) 442 (20/£)
Southern Newspapers (£1) 227 30 (22/5)
Taddale Invs (10p) 7½
Thene Hldgs (2p) 46 ½ (19/5)
Thwaites (Daniel) (£1) 620 7 (22/5)
Utd Trust Credit (£1) 410 (20/5)
Wyeta0ia A NV 159
Wynstay Props 142

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Andantan Res (10p) 53 5

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
80 Holdenhurst Rd, Bournemouth 0345 717373

	Bid Price	Offer Price	+ or –	Yield Gross
High Income	122.0	129.3	+0.1	4.30
Gilts & Fixed Int.	93.1	99.6	+0.6	4.82
High Inc Equity	177.2	189.9	+0.9	5.11
Worldwide Bond				
Capital Growth	159.3	169.4	+3.1	2.52
American Growth	42.3	45.4		2.73
Asian Pacific	99.5	106.4	-0.8	1.56
Assets & Enrgs. Tt.	60.1	67.1	+0.1	1.51
Capital Reserve	64.0	68.4	+1.4	2.75
Commodity & Enrg	89.1	94.7	+0.6	1.34
European Capital	136.7	146.1	+0.8	2.91
General	70.9	75.8	+1.7	—
Japan	62.5	66.4	+0.7	1.51
Mastertrust	133.4	143.4	+0.9	1.07
UK Growth Acc Units	93.2	99.9	+0.6	1.54
UK Growth Dist	58.8	62.9	+1.0	0.42
U.S. Emerging Co's	141.6	204.2	+1.3	3.21
Equitas Prog.				

Allied Dunbar Unit Trusts PLC (a)(g)
Allied Dunbar Centre, Swindon, SN1 1EL

[illegible]

Buckmaster Management Co Ltd (a) (c)
The Stock Exchange, London EC2P 2JT 01-588 2868

CS Fund Managers Limited
125 High Holborn, London WC1V 6PY 01-242 1148

Canada Life Unit Trust Mngrs. Ltd
2-6 High St, Potters Bar, Herts P Bar 51122

Cannon Fund Managers Ltd (z)
1 Olympic Way, Wembley, HA9 0NB 01-902 8876
Dealing: 0800 282 621 (Linkline)

Gartmore Fund Managers (a) (c) (g)
2 St Mary Axe, London EC3A 8BP 01-623 1212

Global Asset Management
GAM Sterling Management Ltd
12 St James's Place, London SW1 01-493 9990

Lazard Brothers & Co Ltd
21 Moorfields, London EC2P 2HT 01-588 2721

Legal & General (Unit Tst. Mngrs.) Ltd
5 Rayleigh Rd, Brentwood 0277 234634

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AUTHORISED UNIT TRUSTS & INSURANCES

Sentinel Funds Mngmnt Ltd
30 City Road, London EC1Y 2AY 01-628 6626

American Majors	69.7	74.6	+1.4	1.12
Amer Tech & Genl Fd.	103.4	110.6	+1.6	0.55
European Growth	30.2	32.3	-1.5	3.03
European Income	35.3	37.7	--	4.09
Europa	535.4	572.9	--	2.73
Intal Growth Fd	29.0	31.1	+0.4	0.15
International Income	55.8	59.7	+0.1	4.95
Jap Tech & Genl	92.9	99.4	+1.4	0.01
Pacific Fund	159.7	170.9	+2.6	0.01
Secure Income Fd.	173.1	185.2	+0.5	4.54
Small Co's Fd	37.4	40.0	+0.3	1.45
Special Sits	211.6	226.4	+3.4	2.19
UK General Fund	33.9	35.3	+0.5	2.32

Standard Life Trust Mngmt. Ltd
3 George St, Edinburgh EH2 2XZ 0800 393777

Managed Trust Acc.	24.0	25.7	+0.2	2.0
UK Equity Gth Tst Acc.	24.2	25.9	+0.1	2.93
UK Equity High Inc Inc.	24.1	25.8	-0.6	5.00
UK Equity Gen Tst Acc.	27.5	29.5	+0.2	3.05
UK Equity Gen Tst Inc.	24.9	26.7	+0.2	3.05
Gilt & Fxd Int Tst Inc.	23.8	25.5	+0.1	8.0
Nrth Amer Tst Acc.	24.4	26.1	+0.7	2.00
Far East Trust Acc.	23.6	25.3	+0.2	0.75
European Trust Acc.	23.9	25.6	+0.4	1.25

Stewart Ivory Unit Trust Mgrs Ltd (a)
45 Charlotte Sq, Edinburgh 031-226 3271

American Fund	216.3	230.4	----	2.39
(Accum. Units)	242.9	258.8	----	2.39
(Withdrawal Units)	151.8	161.8	----	2.39
Australian Fund	111.0	118.3	----	1.14
(Accum. Units)	114.3	121.9	----	1.14
British Fund	580.9	618.7	----	4.40
(Accum. Units)	782.4	833.4	----	4.40
European Fund	267.9	285.4	----	0.95
(Accum. Units)	282.0	300.6	----	0.95
Japan Fund	273.2	291.0	----	0.25
(Accum. Units)	274.5	292.5	----	0.25
Saints PPP	158.2	166.6	----	—

Sun Alliance Fund Management Ltd
Sun Alliance House, Horsham 0403 56293

Equity Tst.	383.3	423.0	+2.2	2.52
North America	59.2	62.9	+1.7	1.19
Far East	70.7	75.2	+1.3	6.07

Sun Life Trust Mngmt. Ltd
107 Cheapside, London EC2V 6DU 01-606 6010

American Growth Acc.	33.0	[illegible]	[illegible]	1.4
American Income Acc.	31.5	[illegible]	[illegible]	5.5
American Income Inc.	31.1	[illegible]	[illegible]	5.5
European Growth Acc.	46.0	[illegible]	[illegible]	0.8
European Income Acc	22.8	[illegible]	[illegible]	4.5
European Income Inc	22.8	[illegible]	[illegible]	4.5
Far East Growth Acc.	40.1	[illegible]	[illegible]	0.6
Int. Growth Acc.	34.0	[illegible]	[illegible]	2.0
Japan Growth Acc.	39.7	[illegible]	[illegible]	0.1
UK Growth Acc.	35.7	[illegible]	[illegible]	2.7
UK Income Acc.	32.9	[illegible]	[illegible]	5.3
UK Income Inc.	32.0	[illegible]	[illegible]	5.3
Managed Growth Acc.	42.1	[illegible]	[illegible]	2.0
Managed High Yield Inc.	46.0	[illegible]	[illegible]	7.0
Managed Income Inc.	35.7	[illegible]	[illegible]	3.5

Swiss Life Pen. Tst. Man. Co Ltd (a)(c)
99-101 London Rd, Sevenoaks 0732 450161

Equity Dist.*	268.6	284.2	----	3.52
Equity Acc.*	327.5	346.5	----	3.52
Fixed Int. Dist.†	125.8	130.3	----	10.38
Fixed Int. Acc.†	190.9	197.8	----	10.38

*Prices on May 16. Next dealing June 11
†Prices on May 16. Next dealing June 4

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens House, Andover, Hants SP10 1PG
0264 62188 Dealings to 0264 63432-3

TSB American	119.1	126.8	+3.1	1.04
Do. Accum.	124.0	132.0	+2.3	1.04

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Wright Seligman Fund Managers Ltd
11 Blomfield St, London EC2M 7AY 01-588 0592

Growth Fund	66.6	70.3	---	2.00

Weekly dealing day Tuesday

The Yorkshire General Trust
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250

Y.G.T.	116.8	124.3	+0.4	3.59

INSURANCES

AA Friendly Society
(Investment Mngt M & G Inv Mngt Ltd)
PO Box 93 Cardiff CF1 4NW 0222 35542

AA Friendly Sy May 9	—	105.8	----	—

Abbey Life Assurance Co Ltd
30 Holdenhurst Road, Bournemouth 0202 292375

Prop. Ser. 1	204.1	214.9	----	—
Equity Ser. 1	103.6	109.1	+1.3	—
Prop. Acc. Ser 2	274.8	284.3	----	—
Equity Ser 2	109.9	115.7	+1.3	—
Selective Acc.	236.8	249.3	+1.3	—
Prop. Ser. 4	217.0	228.5	----	—
Equity Ser. 4	113.4	119.4	+1.2	—
Fixed Int. Ser. 4	194.8	205.1	-0.4	—
Indexed Inv. Ser. 4	116.7	122.9	+0.6	—
American Ser. 4	264.9	278.9	+5.3	—
High Inc. Ser. 4	280.2	295.0	+1.7	—
Japan Ser 4	220.3	231.9	+9.4	—
Man. Ser. 4	351.1	369.6	+2.4	—
Money Ser. 4	192.4	202.6	----	—
European Ser 4	112.3	118.3	+0.1	—

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مركز الأهرام

INSURANCE, OVERSEAS & MONEY FUNDS

Scottish Widows' Group
PO Box 902, Edinburgh EH16 5BU 031-655 6000

Target Life Assurance Co. Ltd.
Target House, Gatehouse Road, Aylesbury

Baring Fund Managers (Guernsey) Ltd
PO Box 71, St Peter Port, Guernsey 0481 26541

US Dollar	$10.64			
Sterling	£11.03			
Deutschemark	DM31.15			
Japanese Yen	Y3,160			

Baring International Group
1901 Edinburgh Tower, Hong Kong 01-588 6133

Eurolife Assurance Group
5-11 Mortimer St, London W1N 7RH 01-637 0778

S.G. Europe Obligations SA
9 Avenue de la Liberte, Luxembourg
London Agent: FFS, Salisbury House, London Wall EC2M 5TA Tel: 01-920 0776 Telex 887281

Eurotax Investments Ltd
1 Athol Street, Douglas, Isle of Man
UK Agents FIS St Albans 0727 41122

Hellerup Scandinavian Fund Ltd
Tynwald House, Douglas, IoM 0624 24111

Henderson Admin. (Guernsey)
PO Box 71, St Peter Port, Guernsey 0481 26541

Henderson Management SA

MIM (Jersey) Limited
PO Box 452, St Helier, Jersey 0534 27411
London Agents: 01-626 3434

Minerals, Oils Res. Shrs. Fd. Inc.
PO Box 194, St Helier, Jersey 0534 27441

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Fund NAV	$17.41		+0.35	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$16.12		+0.15	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd, London

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$15.22		−0.06	—
Dynamic Gwth Fd	$26.50		−0.06	—

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268

Zero Bond Fund	$21.60	12.30	—	—

OFFSHORE AND OVERSEAS

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	10.05		—	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fund	9.95	7.46	10.35	6-Mth
7-day Fund	10.09	7.54	11.01	6-Mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE 01-236 1425				
Call Fund	9.51	7.11	10.20	6-Mth
7-day Fund	9.86	7.39	10.56	6-Mth
Dollar	5.62	—	—	5-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8436				
Full Service Cur Acc	10.00	7.28	10.43	Qr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	9.75	7.29	10.56	Qr
Mth. Int. Chq.	9.75	7.29	10.63	Mth
Allied Arab Bank Ltd 97-101 Cannon St, London, EC4N 5AD 01-283 9111				
HICA	10.5	7.88	11.46	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	9.50	7.13	10.35	Mth

NOTES—Gross: rate in force exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	25	Marks & Spencer	10
BAT	38	Midland Bk.	44
BOC Grp	32	NEI	11
BSR	14	Nat West Bk	70
BTR	45	P & O Dfd	45
Babcock	20	Plessey	20
Barclays	45	Polly Peck	16
Beecham	32	Racal Elect.	17
Blue Circle	55	RHM	20
Boots	25	Rank Org Ord	46
Bowaters	30	Reed Intnl	75
Brit Aerospace	48	Sears	12
Brit. Telecom	17	TI	42
Brown (J.)	3	Tesco	30
Burton Ord	52	Thorn EMI	35
Cadburys	17	Trust Houses	12
Charter Cons.	22	Turner Newall	25
Comm Union	28	Unilever	120
Courtaulds	25	Vickers	40
Distillers	52	Wellcome	19
FNFC	15	**Property**	
Gen Accident	75	Brit Land	16
Gen Electric	17	Land Secs	30
Glaxo	100	MEPC	32
Grand Met	34	Peachey	24
GUS 'A'	75	Samuel Props	18
Guardian	75	**Oils**	
GKN	32	Brist. Oil & Min.	2½
Hanson Tst.	16	Brit Petroleum	40
Hawker Sidd.	52	Burmah Oil	30
ICI	50	Charterhall	3
"Imps"	28	Premier	3½
Jaguar	27	Shell	55
Ladbroke	32	Tricentrol	15
Legal & Gen	79	Ultramar	18
Lex Service	38	**Mines**	
Lloyds Bank	55	Cons Gold	40
Lucas Inds	60	Lonrho	25
		Rio T Zinc	58

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

1986 High	Low	Stock	Price	+ or —	Div Net	C'vr	Y'ld Gr's	P/E
564	468	Costain Group	534xd	+8	17.0	42.7	4.4	9.9
423	296	Countryside Props	420	.....	5.74	5.1	1.9	10.6
156	124	Crouch (D.) 20p	138	+2	5.93	2.3	6.1	10.1
104	84	Dew (George) 25p	98	.....	6.0	1.2	8.5	13.9
108	75	Douglas (Robt. M)	101	+1	0.75	2.6	2.4	(17.9)
23	19	♦Dunton Group 5p	20	.....	†0.24	4.3	1.7	15.4
200	155	♦EBC 50p	165	.....	7.15	2.5	6.1	9.2
96	63	Erith	93	.....	3.3	♦	5.0	♦
154	106	Fairbriar 10p	152	.....	R4.0	2.7	3.7	14.0
88	77	Feb. Intl. 10p	80	.....	1.78	—	3.2	—
71	54	Do. 'A' 10p	58	.....	1.78	—	4.4	—
124	51	Federated Housing 5p	124	+1	3.3	3.0	3.7	12.5
66	56	Finlan Group 10p	56	.....	g3.04	0.9	9.6	21.8
93	79	Galliford 5p	90	.....	4.4	1.5	6.9	14.0
45	27	Gibbs Dandy A 10p	45	.....	1.8	2.0	5.6	12.3
376	254	Gleeson (M.J.) 10p	368xd	.....	†5.57	5.4	2.1	12.7
113	94	HAT Group 10p	106	.....	†3.7	2.3	5.1	10.3
196	56	Helical Bar	196	+2	—	—	—	62.8
258	195	Henderson Group	227	.....	7.0	♦	4.4	♦
79	44	Hewden-Stuart 10p	73xd	+1	1.7	3.0	3.3	12.8
£210	£130	Do. 10pcLn. 03-08	£193	−1	Q10%	—	15.3	—
216	134	Heywood Williams	214	.....	g6.75	2.0	4.4	13.8
622	430	Higgs & Hill	555	.....	13.6	♦	3.5	♦
39	29	Howard Shut 10p	34	.....	d1.4	1.6	5.8	12.9
199	132	Ibstock Johnsen	193	+12	4.8	2.5	3.6	13.9
115	40	Intal Assco Con	55	.....	—	—	—	—
355	270	Jarvis (J.)	340	.....	†17.5	—	‡	—

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

Financial Times Saturday May 24 1986

INDUSTRIALS—Continued

[illegible]

For Aircraft Steel see Industrials

For Lennon Wigs see Textiles

مكتبة الأجيال

INDUSTRIALS—Continued

1986 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
145	82	‡Midland Marts	145	......	4.6	2.1	3.9	17.3
79½	61	Mitchell Cotts	74	......	4.25	1.5	8.1	(10.0)
109	81	‡Monks & Crane 10p	106	......	L2.7	◆	3.6	◆
312	210	Morgan Crucible	308	−2	8.5	◆	3.9	◆
23½	15½	‡Morris (W) F.A. 20p	20	......	—	—	—	—
139	96	Moss (Robt.) 10p	128	......	◆13.0	2.7	3.5	13.8
110	65	Myson Grp 10p	107xd	+2	2.63	2.6	3.5	13.8
365	259	‡NMW Computers	325	......	6.0	3.0	0.9	18.7
40	27	Nash Incs	32	......	0.5	—	2.2	—
28	16	Neil & Spencer 10p	21	......	—	—	—	—
38	28	Newman Incs 10p	38	......	0.8	◆	3.0	◆
65	50	Nolton	54	+1	0.95	59	2.5	7.7
132	96	‡Norank Systems 5p	118	......	a3.0	◆	3.6	◆
263	187	Norcros	250	+15	18.6	2.0	4.8	13.6
91	49	Nu-Swift 5p	91xd	+1	3.5	2.1	5.4	12.2
118	80	Oakwood Grp	98	......	5.0	1.5	7.2	13.6
250	203	Office & Elect	237	......	6.5	0.9	5.2	9.4
102	70	Oldacre 20p	85	......	14.0	2.6	6.6	7.5
36	24	‡Optometrics $0.01	26	......	[illegible]	2.1	6.0	8.7
765	500	Oriflame £1	752	......	24.5	2.1	4.6	14.6
10	8	Ovenstone 12½c	8xd	......	—	1.9	19.1	4.0
£275	£228	Ozalid 9pc Cnv 87-92	£262	......	Q9%	—	(3.5	—
100	85	‡PCT Grp 10p	95	......	3.2	1.2	6.9	(23.0)
£20½	950	PLM 'B' Sk 25	£15⅝	......	Q23.2%	0.3	4.2	—
174	114	PSM Intl	174	......	d5.5	2.1	4.5	13.0
255	167	‡Paper Systems $0.01	215	+5	[illegible]	3.4	1.2	24.0
78	56	‡Pacific Sales 10p	56	......	3.0	1.2	7.5	15.3
342	225	Park Place 10p	335	......	◆16.25	1.9	2.6	28.1
425	246	Parker Knoll 'A'	435	......	19.5	2.9	3.2	15.1
525	208	‡Parkfield Group 5p	400	+10	12.4	2.4	0.7	80.3
53	30	‡Pavion Intl	39	......	—	—	—	—
£130	£92	Do 11pc CnLn '94-02	£100	......	Q11%	—	11.3	—
503	398	Pearson	445	......	10.0	2.8	3.2	14.9

LEISURE—Continued

1986 High	Low	Stock	Price	+ or −	Div Net	C'vr
115	58	Leisuretime Int 10p	110	+2	2.3	◆
117	100	‡Lowndes	107	......	u2.63	3.0
220	155	‡Media Tech Int 20p	158	−2	L2.58	5.4
175	140	Medminster 10p	145	......	†5.35	2.7
220	130	‡Miss World 10p	198	......	5.2	3.3
82	62	Nationwide Leisure	82xd	......	(3.75)	◆
17	10½	‡Nimslo Int 20c	16	......	—	—
34½	23	‡Owners Abroad 3p	29¾	......	1.5	◆
90	46	Photax (Lon.)	60	......	—	—
34	20½	‡Piccadilly Radio NV 5p	29	......	2.0	1.2
80	37	‡Pineapple Dnc St 10p	65	......	—	—
391	280	Pleasurama 5p	299xd	−9	7.5	3.2
170	136	Do. 7pcCvCmRedPf	143	......	7%	—
		For Pres. Entertainment see Hotels				
43	18	‡Radio City 'A' NV	48	......	—	—
45	33	‡Radio Clyde NV	45	......	3.25	0.9
375	322	Really Useful Grp 5p	363	......	b11.25	2.2
64	46	Riley Leisure 10p	46	−1	—	—
230	170	Saga Hols. 20p	170	......	4.6	2.6
355	260	Samuelson Grp 20p	295	......	12.4	6.0
123	73	‡Sangers Photo 10p	108	......	[illegible]	1.7
178	142	‡Scantro 50p	165	......	4.0	3.5
345	188	Scott. TV 'A' 10p	345	......	a10.5	3.0
294	114	SeaCo Inc $0.125	159	+1	—	—
26	7	‡SelecTV 10p	19	......	—	—
37	20	‡Spectrum 5p	23½	−1½	‡1.2.0	4.8
43	31	TSW 5p	39	......	†1.7	2.4
235	150	TVS N/Vtg 10p	235	......	8.0	2.5
188	137	‡Television Svcs 50p	158	......	2.0	1.6
67	50	Tottenham Hotspur	67	......	‡4.0	—
96	66	‡Trilion 10p	85	......	L1.1	3.3
245	140	‡Tyne Tees TV 'A' £1	245	......	a10.5	◆
130	104	Ulster TV N/V 'A'	130	......	†5.25	2.6

INSURANCES

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

1986 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
34	28	‡Emex Int. Ir10p	30	−3	—	—	—
101	70	Greenwich Res	98	−2	—	—	—
143	93	Hampton Areas 10p	140	......	Q3.75	0.9	3.6
245	165	‡Highwood Res	237	+10	—	—	—
£19⅝	£13½	Homestake Mining $1	£14½	+⅞	Q20c	—	0.9
310	180	‡McFinley Red Lake	210	+15	—	—	—
285	195	‡Musto Explorations	200	......	—	—	—
51	35	‡New Sabina Res C$1	35	......	—	—	—
260	210	Northgate C$1	220	+8	—	—	—
790	513	RTZ	653xd	+3	22.0	2.0	4.7
£164	£115	Do. 9⅛pcLn '95-2000	£138½xd	+1	Q9½%	15.5	7.1
950	800	‡Tara Expln $1	875	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- ∗ Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ◆ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ◆ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ▯ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	122xd	−1	Fin. 13% 97/02	£129⅝	......
Craig & Rose £1	£13	......	Arnotts	345xd	......
Finlay Pkg. 5p	43xd	......	CPI Hldgs	58	......
Holt (Jos) 25p	829	......	Carroll Inds.	178	+3
IoM Stm. £1	87	......	Dublin Gas	53	......
			Hall (R. & H.)	75	+3
IRISH			Helton Hldgs.	32	......
Fund 11¼% 1988	£103⅝	......	Irish Ropes	108	......
Nat. 9¾% 84/89	£101	......	Unidare	190	......

"Recent Issues" and "Rights" Page 14

FINANCIAL TIMES

Saturday May 24 1986

Teachers' union loses test case

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE National Union of Teachers has lost an important legal test case over the extent of teachers' obligations under their employment contracts.

Mr Justice Scott ruled in the High Court yesterday that four local education authorities had been justified in making deductions from the salaries of teachers who refused to take classes for *absent colleagues*.

The ruling is expected to strengthen the employers' hand considerably in the current long-term negotiations on a new teacher contract. The question of what is "voluntary" duty under existing contracts is central to the talks, arising from the 13-month pay dispute in England and Wales.

Teachers' refusal to cover for *absent colleagues*, on the grounds that it was not required by contract, was one of the most effective sanctions deployed by the teaching unions during the dispute.

Mr Nigel de Gruchy, *deputy* general secretary of the National Association of Schoolmasters / Union of Women Teachers, described the High Court judgment as "a defeat for the whole profession." He predicted it would cause great problems in the long-term negotiations.

Mr Peter Snape, general secretary of the Secondary Heads Association, said the case would have "immense" implications for the talks and expressed regret that the NUT had taken the isue to court instead of trying to resolve it by negotiation.

The NUT had backed four teachers — from Rotherham, Doncaster, Solihull and the London borough of Croydon — who challenged deductions from their salaries for periods they refused to cover for colleagues. The total amount involved in the deductions was only £9.65.

The judge said that although cover was not expressly required by teachers' contracts, it was a part of their professional obligations, the discharge of which was among their contractual duties.

Cover arrangements, like school timetables, were administrative directions made by the head teacher for the proper conduct of the school. "It is, in my view, a professional obligation of each teacher to co-operate in running the school during school hours in accordance with the timetable and other administrative regulations or directions," said the judge.

Although it was not part of a teacher's obligations "to jump whenever told to do so by the bead techer," he or she must comply with reasonable directions. The evidence left no doubt that teachers had always accepted a professional obligation to cover for absent colleagues.

The judge said that breaches of employment contracts entitled employers to damages and that education authorities had been entitled to set off deductions from teachers' pay against those damages.

The NUT said later it would have to study the judgment before deciding whether to appeal. The union expressed concern at the implications of the ruling which, it said, appeared to give head teachers very wide-ranging powers.

Mr Doug McAvoy, the NUT's deputy general secretary, said the judge had been forced to "construct a duty out of the air," having failed to find any specific reference to cover in teachers' contracts.

A Question of Merit, Page 9

Details issued on pension fund surpluses

BY ERIC SHORT

PROPOSALS in the Finance Bill to cut excessive pension fund surpluses are unlikely to inhibit future pension increases, as was feared by the pensions industry.

This was one assessment made by pension actuaries yesterday after considering further details issued by the Inland Revenue. These supplement the original statement made by Mr Nigel Lawson, the Chancellor, in his March Budget.

However, the document contains no indication that the Government has accepted other important criticisms made by employers, trade unions and the pensions industry.

The Chancellor proposed that when the assets of a company pension scheme exceeded its liabilities by more than 5 per cent, the surplus should be taken back to the 5 per cent level within five years.

This could be done either by increasing benefits, reducing the contributions of employees and employers, or making refunds to employers. Any refund would be subject to a tax charge of 40 per cent—a liability which would be separated from the company's other tax affairs.

The document describes in detail the basis which would be used by pension scheme actuaries in calculating the valus of assets and liabilities when determining surpluses.

However, it still refers to the 5 per cent limit and the five-year period, despite strong representations that the limit is too fine and the period too short. A limit of 10 per cent and a period of 10 years are considered more acceptable.

The section of the Finance Bill is expected to be discussed in Standing Committee on June 3, when the Government's final views on these points are expected.

Methods of calculating assets and liabilities are being recommended by Mr Edward Johnston, the Government Actuary, following discussions with the actuarial profession.

Actuaries were pressing for assets to be valued by discounting future investment income rather than by using current market values and this basis is being put forward in the document. The value of an asset would be determined by discounting all future income payments and any guaranteed capital *repayments* at an interest rate of 8.5 per cent a year.

Future equity *dividends*, property rents and income on other variable interest investments, other than index-linked gilts, should be increased at 3.5 per cent a year.

On *current* dividend yields averaging 3.9 per cent, this discounted basis would produce notional values for UK equities of about 80 per cent of current market values.

With such a differential, the 5-per-cent limit is acceptable to many actuaries. However, if dividend yields were to rise to 5 per cent, the differential would disappear and the 5-per-cent limit would become slim.

The *liabilities* would be valued on the assumption that investment returns average 8.5 per cent a year and employees' earnings generally rise each year by 7 per cent. However, actuaries could adjust the earnings rise to allow for promotional increases.

In addition, actuaries could adjust for increases in pensions in payment. The calculation might be based either on increases actually made over the previous three years, or a higher rate of increase might be allowed provided that the employer and the trustees of a pension scheme made a joint *declaration* of intent to the Superannuation Funds Office of the Inland Revenue. They would also be required to inform employees.

This would allow employers *to build up surpluses* in the pension scheme for the purpose of making future pension increases.

The document sets out separate rules for dealing with *surpluses* when a pension scheme is wound up.

UK bans imports of S. African gold coins

BY PETER RIDDELL, POLITICAL EDITOR

BRITAIN has prohibited imports of gold coins originating from South Africa, including the new *Protea* coin and krugerrands.

The ban, effective from midnight *yesterday*, implements a commitment given by the Commonwealth Heads of Government, including Mrs Thatcher, last October in the Bahamas to consider action to preclude the import of krugerrands.

The timing reflects South Africa's decision to mint the Protea coin to offset declining krugerrand sales.

The decision follows a lengthy Government debate about what action to take, given the UK's reluctance for export/import constraints in the light of its commitment to international *open trading agreements*, and its specific opposition to the use of economic sanctions.

There has recently been a vigorous argument within Whitehall about whether the Government should become more sympathetic to economic sanctions, as the Foreign Office believes, or whether it should maintain its strong opposition, as *Mrs Thatcher* still argues. This has apparently led to some tense meetings between Mrs Thatcher and Sir *Geoffrey* Howe, the Foreign Secretary, who announced the ban in a parliamentary written answer yesterday.

The ban does not cover imports of gold coins from third countries if the coins have been used in commercial transactions there.

The Government would undoubtedly take a serious view of any attempt to divert into the UK gold coins from South Africa, which have not been so used. If third countries were merely used for "*laundering*" such coins, the position would be reviewed.

UK imports of krugerrands totalled £813,000 in 1985, down from £941,000 in 1984, £16m in 1983, and £44m in 1982. These variations also reflect the fluctuations in the gold price and in other financial and taxation factors.

However, the advent of the Protea coin led to fears that the level of imports might increase sharply.

Challenge to Botha

Continued from Page 1

to capitalise on the white extremist threat, thrown into sharp relief in Pietersburg. *When Mr Pik Botha* at last addressed the party faithful at a different venue on Thursday, he recalled that he had long tried to make the world aware of the domestic risks the Government was taking in a reform programme condemned abroad as "too little too late."

His theme was that if the Government had been as modest in its reforms as the outside world believed, why was it facing such a violent reaction from Afrikaner conservatives?

In effect, Mr Botha was pleading for recognition that the NP—whatever its apartheid past—now represented the moderate, reformist centre and as such deserved as much sup*port as it could get from home* and abroad as it fought violence from both ends of the spectrum.

Sanctions, he argued, would make the Government's task more difficult.

The ANC will doubtless resent deeply being put on a par with the AWB. There can be little doubt, however, that its recent decision to step up military operations, by planting landmines on border farms for example, has contributed greatly to support for the AWB and ultra-conservative parties in the northern Transvaal.

It is here, where the farming community has been embittered by seven years of drought and faces labour unrest that the 43-year-old AWB leader, Mr Eugene Terre'blanche, wins most support for the restoration of the pre-Boer War independent republics of Transvaal and Orange Free State.

The NP has lost its far-right wing, probably *forever*. The challenge facing it now is to create a broader political base for reform.

This will be discussed at a special party congress in Durban next August. The AWB are likely to be there in strength, provoking a critical test of where the police stand.

Ratners agrees to take over H Samuel

By David Goodhart

RATNERS, the rapidly-growing jewellery chain, has agreed takeover terms of £149m for its larger rival, H. Samuel.

The deal, expected after Ratners had acquired 27.7 per cent of H. Samuel on May 6, will create a group with 550 shops, sales of £150m and a 13 per cent share of the UK jewellery market.

Mr Anthony Edgar, chairman of H. Samuel, eventually agreed to sell his family's business and goes on to the joint board as executive chairman.

Mr Edgar has also agreed to accept the offer in respect of his 38 per cent holding. Including shares held by the rest of the board — which is recommending the bid — Ratners now owns or has undertakings for, 66 per cent of the share capital.

The recent performance of the two companies is in sharp contrast. H. Samuel, which yesterday released its results for the year to February 1 1986, reported pre-tax profits only marginally up, from £5.7m to £5.8m, on turnover risen from £122m to £126m.

In 1980, H. Samuel made a pre-tax profit of £15m. But, although it had spent heavily on refurbishing its 350 shops, which service the middle to upper part of the market, it has been unable to reproduce that performance.

Ratners made pre-tax profit of £2m on turnover of £32m, from its 170 much smaller shops, in 1984, with £4.25m profit estimated for 1985-86. In the two years since Mr Gerald Ratner, 36, took over as chief executive, *sales have* increased by 75 per cent. There has been a move downmarket.

Mr Ratner said yesterday that he hoped to produce a similar sales increase at H. Samuel to that achieved at Ratners. The jewellery market is highly fragmented, with small independent concerns accounting for more than 50 per cent. H. Samuel has enjoyed the largest market share, Ratners being second with about 4.5 per cent.

The ordinary share offer for every five H. Samuel shares is six *Ratners shares, plus* four new convertible preference shares and 380p in cash. The "A" ordinary (non-voting) share offer for every 20 H. Samuel is 10 new ordinary Ratners shares, plus seven new convertible and 595p in cash. The preference offer is 85p in cash for every H. Samuel cumulative preference share.

The offer values each ordinary share at 360p, each "A" share at 150p. There is also a cash alternative of 330p for each H. Samuel ordinary and 137.5p for each "A" share. Ratners is issuing 47.1m new ordinary shares, representing 53 per cent of the enlarged share capital, and paying £29m in cash.

Ratners *is contributing* 20 per cent of the assets and 40 per cent of profits and earnings. Its share price fell yesterday by 1p to close at 160p, with H. Samuel rising 10p to close at 335p.

Precious jewellery sales will decline, Page 5

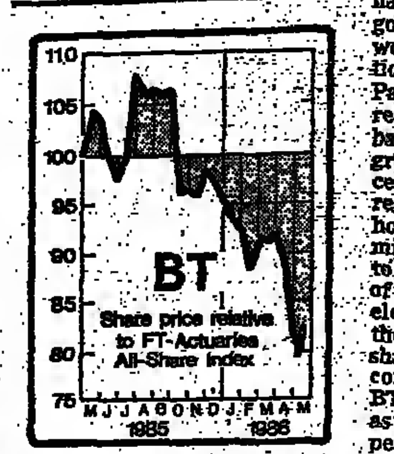
THE LEX COLUMN

Movement but no method

Seeing is not believing as far as the psychics of the market are concerned. Whereas a fall of less than 3 per cent in the FT SE 100 a week ago caused some people to question the future of the 12-year bull market, this week's rise of over 3 per cent is shrugged off as of no consequence. Thin volumes may have something to do with the lack of pre-holiday euphoria, combined with fear of further crushing rights issues.

To the extent that the rise was not merely jobbers' daily marking up in the wake of a strong Wall Street, it stemmed from political arguments that the Government is about to relax the monetary straitjacket to engineer the pre-election boom. This is apparently good news for equities whereas the prospect of a reflationary Labour government is holding back equities from their earliest equities from their earliest trajectory. The cut in base rates was grist to this mill, but if this was a government-inspired move to see *sterling* at a more CBI-ish rate against the DM prior to joining the *European exchange* rate mechanism, it did not work.

Index rose 15.1 to 1331.4



British Telecom

British Telecom shares have performed dismally in the bull market. Until they *flipped up* yesterday on rumours of a Japanese listing, they had underperformed the market by nearly 20 per cent over the last 12 months. At the float it was easy to see the group as a monopoly supplier in a fast-growing, hi-tech, high-margin market with scope for greater efficiency. The controls imposed by Oftel and by BT's licence did not seem onerous and the prospect of competition and the next election were still distant. Now the picture is not so clear, and investors are not so keen on what they see.

Since the days of the flotation roadshows *and quick stag*ging profits doubts about the earlier assumptions have crowded in. At the simplest level the inflation-linked ceiling on revenues persuades some analysts to regard BT as no better than an index-linked income stock. Falling inflation has made the RPI less 3 per cent formula for the *limit* on the basket of price increases look much tighter, especially as wages *have been rising* faster than the RPI.

More important could be the effect of competition on revenues when Mercury gets its long-distance service going. Although some competition was built into the original package, the possibility of Mercury plugging into the BT network at prices 15 to 20 per cent below BT's got ignored almost until the day it happened. Even if Mercury wins as little as 5 per cent *of the market, in* part constrained by its ability to expand, that will be the most profitable 5 per cent. BT's best business is bunched among relatively few big customers.

BT has yet to respond to the Mercury threat, though chairman Sir George Jefferson has hinted that BT will not be panicked into anything and that the market is growing fast enough to accommodate the two rivals. Analysts are anxious to know what BT's move will be not only as a guide to future revenues but also to judge BT management's ability to handle competition. Some argue that management coming from the public sector just does not have the market-place savvy to react correctly. Meanwhile concern about Mercury competition is encouraging the more bearish analysts to forecast actual falls in profits in the late eighties.

Doubts about the *strength* of BT's management go even further. The acquisition of a 51 per cent stake in Mitel, the loss-making Canadian telecommunications equipment maker, has brought a problem requiring *time* and effort, *distracting* management from the work it must do at home. Mitel's C$160m net loss for the year to March, largely before completion of the deal, must have included all foreseeable nasties and future losses are at any rate likely to be small in the context of BT's profits.

BT shares, with the rest of the market, have been unsettled by Tory losses in recent by-elections. With the threat of renationalisation at the original *flotation price* if a Labour government is returned, this worry could worsen as the election approaches. If the Labour Party did take power, it might realise that the cost of buying back the shares would be too great, and prefer to buy 2 per cent through the market to regain control and leave shareholders as the suffering minority in a BT that reverted to pricing its services as a form of tax-adjustment. A re-elected Tory government, on the other hand, might sell more shares. With both political and commercial clouds surrounding BT, the original pricing of it as a *high-yielding utility* was perhaps not as wrong as it looked after the sale.

Lloyds/Standard

Standard Chartered's defence is evidently being conducted on the principle that some powder should at all times be reserved for later. Admittedly, one technical fuse has already been set for the final stages of the affair in Standard's claim that the necessary Lloyds filing with the US banking authorities cannot be processed before the 60-day takeover clock runs out. But even five months into the year there is so far no indication of the degrees to which Standard is following through the earnings growth achieved in 1985; shareholders will have to wait for a profit forecast.

What they have got, through the medium of a rather guardedly phrased letter from Goldman Sachs—making another incursion into the London bid scene—is a valuation of Standard's Union Bancorp subsidiary at between $800m and $900m, or nearly half the total offer. Standard argues that such a valuation does not leave much of a price for the remainder of the business, which made 82 per cent of the 1985 profits. Lloyds will doubtless argue that Union Bancorp is not actually on the *market, which* has therefore not given any backing to the hypothetical valuation.

In any case, *there* is *still* room to wonder how valuable some of Standard's other assets really are; the document reveals a previously unquantified £15m loss in Singapore, records a dip in profits from Malaysia, and reminds shareholders of past European losses. The wrangling has a long way to go.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES					
Abbey Life	213	+ 6	Greenall Whitley	179	+ 6
Assoc Brit Ports	518	+ 28	Ibstock Johnsen	190	+ 12
Bassett Foods	195	+ 22	Norcros	250	+ 15
Beecham	405	+ 10	Pearl Assoce	£13½	+ ½
Birmid Qualcast	127	+ 5½	Rivlin (I. D. & S.)	138	+ 15
Brent Walker	148	+ 12	Shell Transport	807	+ 10
British Telecom	240	+ 10	Sunleigh Electronics	38½	+ 5½
Cadbury Schweppes	152	+ 12	Symonds Eng	27	+ 4
Carlton Comms	920	+ 40	Wold	70	+ 13
Coalite	259	+ 11	Youghal Carpets	11½	+ 2½
DRG	276	+ 16	FALLS		
Ferguson Indl	268	+ 11	Aspinall	151	− 5
Ferguson (James)	39½	+ 9½	Geevor Tin	31	− 14
			Richardson Wstgrth	33	− 5

WORLDWIDE WEATHER

UK today: Sunny intervals, scattered showers dying out. Temperatures below normal. Outlook: Changeable but wormer.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	25	77	Corfu	S	28	82	Luxmbg.	S	20	68	Peking	C	29	84
Algiers	C	25	77	Dallas	C	22	72	Madeira	F	18	64	Perth	S	15	66
Amsdm.	R	11	52	Dublin	F	12	54	Madrid	S	26	79	Prague	S	23	73
Athens	S	27	81	Dbrvnk.	S	26	79	Majorca	S	25	77	Rykivk.	F	7	45
Bahrain	S	33	91	Ednbgh.	F	13	55	Malaga	F	21	70	Rhodes	S	27	81
Barclna.	S	23	73	Faro	F	23	73	Malta	S	27	81	Rio J'ot		—	—
Beirut	S	23	73	Florence	F	32	90	M'chstr	F	14	57	Rome	S	24	75
Belfast	S	14	57	Frankft.	F	25	77	Melbne.	R	12	54	Salzbg.	F	24	75
Belgrd.	S	23	73	Geneva	F	23	73	Mx. C.†		—	—	S'ciaco†	F	10	50
Berlin	F	23	73	Gibrltr.	F	21	70	Miami†	S	25	77	Singapr.	F	32	90
Biarritz	C	15	61	Gl'ag'w	C	12	54	Milan	S	29	84	S'tiago†		—	—
Bmghm.	F	15	61	G'msey	C	10	50	Montrl.†	C	12	54	Stckhm.	S	17	63
Blackpl.	F	14	57	Helsinki	F	16	61	Moscow	F	22	72	Strasbg.	S	25	77
Bombay	S	31	88	H. Kong	C	23	73	Munich	S	24	75	Sydney	C	18	51
Bordx.	C	20	68	Innsbrk.	F	27	81	Nairobi	R	20	68	Tangier	C	25	77
Boulgn.	R	11	52	Invrnss.	F	12	54	Naples	S	27	81	Tel Aviv	S	25	77
Bristol	F	15	59	I.o.Man	S	12	54	Nassau		—	—	Tenerife	C	23	73
Brussels	F	19	66	Istanbul		—	—	Nwcstl.	F	14	57	Tokyo	S	21	70
Budpst.	S	26	79	Jersey	C	12	54	N Delhi	S	33	91	T'r'nto†	R	12	54
Cairo	S	29	84	Jo'burg	S	19	66	N York†	S	16	61	Tunis	S	24	75
Cardiff	S	14	57	L. Plms.	F	22	72	Nice	S	25	77	Valencia	S	27	81
Cape T.	C	18	64	Lisbon	F	19	66	Nicosia	F	23	73	Venice	S	27	81
Chico.†		8	46	Locarno	F	25	77	Oporto	C	16	61	Vienna	S	24	75
Cologne	F	23	73	London	C	13	55	Oslo	F	14	57	Warsow	F	21	70
Cpnhgn.	R	12	54	L. Ang.†	F	14	57	Paris	F	22	72	Zurich	S	24	75

C—Cloudy, F—Fair, Fg—Fog, H—Hail, R—Rain, S—Sunny, Sl—Sleet, Sn—Snow, T—Thunder.

† Noon GMT temperatures.

NEI to axe 800 Tyneside jobs

BY ANDREW FISHER

NORTH-EAST England received another blow yesterday when Northern Engineering Industries, the largest industrial employer on Tyneside, announced nearly 800 job losses in its nuclear plant and turbine generator divisions.

The redundancies follow hard on the news of 2,600 job cuts in the region by British Shipbuilders which is shedding a total of 3,500 jobs by next March. The state-owned group is closing Smith's Dock on Teesside because of lack of work.

Swan Hunter, the newly privatised Tyne warship yard, has warned of redundancies among its 4,500-strong workforce because of the loss of a £13m naval order to state-owned Harland and Wolff of Belfast and government delays in placing a long promised frigate order.

Local MPs are pressing the Government to award the frigate contract quickly. Tyne Shiprepair, another former BS subsidiary which has been privatised, said this week it was closing its South Shields yard and concentrating on Walsend because of a decline in work.

The NEI redundancies stem partly from a drop in power station orders and partly from attempts to cut costs in the turbine generator market where Japanese groups such as Mitsubishi are *the main* competitors.

The biggest cuts will be at NEI Parsons where up to 600 jobs will go. The turbine generator subsidiary employs 4,750 people and has work in Singapore, Iraq, Botswana and Brazil as well as prospects in China and Turkey but faces increasing competition and lack of UK orders.

● Lucas CAV, the diesel-engine components manufacturer, is to cut 520 jobs over the next year because of a downturn in demand from agricultural equipment producers.

Shares gain

Continued from Page 1

a window over the next month in which they could cut rates."

In the UK the reduction in savers' rates announced by the big building societies means that they will now *be offering* between 5.25 per cent and 8 per cent on their tiered investment accounts.

It has also added to the attractiveness to savers of *National Savings* products, the interest rates of which have remained unchanged since before the Budget in March.

Mortgage savings accounts in the banks will attract an interest rate of 6.625 per cent, down from 7 per cent. Bonus savers can expect 6.375 per cent, down from 6.75 per cent, and regular savings accounts 4.375 per cent, down from 4.75 per cent.

Interest rates on bank deposits will fall from 6.75 per cent to 6.25 per cent as a result of the base rate cut but some higher interest accounts will be unchanged.

The Bank of England yesterday announced the issue of £400m of 3 per cent Treasury 1991 gilt-edged securities at a minimum tender price of £86 per cent.

In a quiet day's trading before the holiday weekend in both Britain and the US, sterling rose slightly against the dollar to close at $1.4960. It also edged ahead against the D-mark rising by ¼ of a pfennig to finish at DM 3.4050.

The dollar fell slightly against the D-mark, ending nearly ¼ a pfennig down at DM 2.2750, while it gained against the yen, rising from Thursday's close of Y169.25 to Y169.65.

WEEKEND FT

Saturday May 24 1986

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Dead a decade, he is well on the way to becoming one of art's greatest patrons

Getty's artful legacy

By Michael Thompson-Noel

Drawing by Kevin Gray (with apologies to William Blake

HARDBITTEN oilman. Philandering husband. Spectacular lover. Bohemian expatriate. Miserly art collector. Bon vivant. Mid-western hick. Puritan. Coward. Snob. Cheat.

Ten years after his death, the reputation of billionaire oilman J. Paul Getty is still as sickly as the price of crude. As the Los Angeles Times put it when reviewing two recent biographies: "Oil Man Getty Was No Mr Nice Guy, Books Say."

Yet there are signs that the J. Paul Getty name is due for re-etching—that the caravaggesque tones and fleshy modelling of the contemporary Getty portrait are just a touch out of date. At the same time, the old rogue's imperial fantasies seem about to bear fruit. If so, they may well confirm him as one of the greatest patrons the art world has known.

This is what he always wanted. Norris Bramlett, Getty's personal assistant, has said that Getty "wanted to make sure his name would be perpetuated as long as there was civilisation." Ten years ago, when the dead billionaire was shipped home to California in the cargo hold of a TWA jumbo jet on a scheduled flight from London's Heathrow Airport, such a wish sounded fanciful. But not any more.

To glimpse a little of what is happening takes two short journeys, the first from central Los Angeles to the J. Paul Getty Museum at 17985 Pacific Coast Highway, Malibu, one mile north of Sunset Boulevard; the second back into the city, along the Santa Monica Freeway, to Century Park East, Suite 2300, which is where the Getty Trust is based.

The Malibu museum is housed in a re-creation of the Villa dei Papiri, which stood outside the walls of Herculaneum, on the Bay of Naples, and was destroyed and buried during Vesuvius's eruption of AD79. Getty built the Malibu museum to accommodate his fast-growing collection of Greek and Roman antiquities, Renaissance and Baroque paintings, and European decorative arts (principally sumptuous French furniture). The museum cost $17m. Though Getty never went to see it, he is buried there, with two of his five sons, under a slab of granite guarded by closed-circuit monitors. When it opened in 1974, the building was ridiculed by some critics as kitschy folk art akin to Disneyland or Forest Lawn.

Tastes change fast, however, especially in pixillated southern California. "It was kind of weird when it first opened," one professor told me. "Here you were in this supposedly Roman villa gazing into room after room of gorgeous French furniture. It seemed the tackiest idea, but not any more. Now it's OK, even studied and admired."

Yet the Malibu museum is destined to pale into relative insignificance when set against the grander visions of the J. Paul Getty Trust, which runs the museum and whose vaulting ambitions are supported by great buttresses of cash.

Chief among these is e $100m-plus arts complex in the hills above LA, incorporating an entirely new museum. It is from this vantage point that the J. Paul Getty Trust will look down upon its world—the poodles and palm trees, bleary old Hollywood, Sunset and Wiltshire, Chasen's and Hymie's and La Dolce Vita (try the Steak Sinatra), the pushers and takers end have-a-nice-dayers. Assemblyman Gray Davis of Beverly Hills says that the new Getty centre "could well become an American Acropolis." In the view of Nancy Englander, director of programme planning and analysis for the trust, the centre will be "unique in its philosophical underpinnings, in the concept of looking at the history of art in the context of the humanities."

It was not until Getty's death in 1976 that it became known that he had left the bulk of his personal fortune to the trust. Biographer Robert Lenzner says: "It was an amazing and uncharacteristic legacy. Getty placed no restriction on the money so long as it was used 'for the diffusion of artistic and general knowledge.' The museum's trustees can sell every work of art and collect early maps of postage stamps if they so wish. By way of comparison, Henry Clay Frick, whose museum Getty greatly admired, prohibited his executors from buying or selling a single work of art."

Getty's death left two separate pools of wealth, together worth more than $2bn, including his personal holding in Getty Oil Company (some 4m shares) worth $661,943,577.50. This fortune, plus some more, was destined for the art trust. The money just grew. By March 1982, after ferocious legal wrangling, the sum had nearly doubled, so that the trust received $1.2bn in assets from Getty's estate. At this point the trust launched an investment programme, retaining seven investment firms to manage the non-Getty stock financial assets.

Still the money grew. In May 1984, with the sale of Getty Oil to Texaco, four more firms were added. Overseen by the trust, these 11 firms place all the investable stock in equities and US Government-backed securities. By December 1984 the trust's wealth had grown to $2.3bn, thanks to strong stock and bond markets and the sale to Texaco.

And still the money grows, aided by Wall Street's bull rush. Recently, at Century Park East, I asked the trust's president, Harold M. Williams, if he knew, offhand, how much the trust was worth. He smiled indulgently. "As of last Friday, I just happen to know, the figure was $2.819bn." We were talking when the Dow Jones index was teetering just below 1800. Two days later, just before the Dow closed above 1800 for the first time, I met him at a lunch in Santa Monica. He beamed again, and said that the Getty was now "taking money off the table" by selling equities. What goes up is likely to go down, but the growth of the trust's fortune since 1982 adds a modern varnish to Getty's own remark, now almost 30 years old, that "a billion dollars isn't what it used to be." This year, says Williams, the trust will spend approximately $105m.

In recent times the museum's rate and scope of acquisition has grown furiously. It has bought masterpiece paintings, such as Mantegna's The Adoration of the Magi, which fetched a record £8.1m at Christie's in London last year, sparking renewed and bitter cries that the Getty was plundering Britain's art wealth. It has bought a Millet here, a Goya there—in all, about 80 notable paintings in the last three years.

It has strengthened its collections of Greek, Roman and decorative arts and has branched into new areas: more than 150 Old Master drawings, illuminated manuscripts (starting with the seizure in 1983 of the collection of Irene and Peter Ludwig of Aachen, the world's finest holding then in private hands), European sculpture and works of art, and photographs.

The Getty's cup runneth over, but it is now embarking on a phase of growth that should do for Getty's memory what his womanising and his meanness and the sheer crush of envy denied him while alive. Given the magnitude of Getty's legacy and the freedom it conferred, the trustees have made commitments in three major areas, in addition to the museum: scholarship, conservation and education. As a result, seven major operating programmes are now in action. These include the Getty Centre for the History of Art and the Humanities, the Getty Conservation Institute and the Getty Centre for Education in the Arts.

Grandiose works lie ahead, including the vast new arts centre, the largest cultural project in southern California, that will be built on part of a 162-acre site, north of Sunset Boulevard, in the Brentwood Hills of West LA. The antiquities will stay in Malibu, so that the present building will be entirely devoted to Greek and Roman art, such as the great "Getty Bronze," and the Lansdowne Herakles. The rest of the collections will move to the new museum, which ought to be ready by about 1993.

Envy and suspicion still cling to the trust as they did to its founder. Newsweek has said that the concern takes two broad forms: "The first is the 'Getty as Mr Hyde.' From this perspective, the Getty may seem to be composed of mild, intelligent people who wear glasses, but it is actually a gorilla. It will push others aside to devour the world's dwindling supply of art. The British, in particular, worry that the Getty will run off with their patrimony. The second concern is the 'Getty as Dr Jekyll.' From this perspective, the Getty will become respectably dull . . . Over the years it will sag into a pleasantly smug, lazy, isolated position—a rich monastery for the arts."

To steer it through the minefield, the trust employs some of the best people money can buy. Harold Williams, its president, has been chairman of Norton Simon, was dean of UCLA's Graduate School of Management and was chairman of the Securities and Exchange Commission under President Carter. Of the Getty's grandiose plans he says: "We're beginning to be understood."

The director of the museum is John Walsh, formerly curator of paintings at the Museum of Fine Arts, Boston, and visiting professor at Harvard. The director of the art history centre is Kurt Forster, formerly a professor of art and architecture at Stanford, Yale and MIT, as well as director of the Swiss Institute in Rome.

In describing the character and goals of the new museum, Walsh says it will be "an elevated place where art is respected, where the public gets uncondescending guidance, and where integrity reigns."

The architect chosen for this brave new building is the American Richard Meier, the much-garlanded designer of Frankfurt's new museum of decorative arts. Walsh says the choice of Meier involved the Getty in a "great act of faith." A rival architect has warned that Meier will produce a "big refrigerator." Meier has said: "I'm open to every possible material that will work on that hill, in that climate, including wood and stone." Walsh told me recently: "We've had one-and-a-half years of talk, but nothing resembling a doodle. The doodling starts this spring."

What has not been decided is how much to spend against the threat of earthquakes. Walsh says: "We're anticipating the possibility of a 'catastrophic' earthquake. We'd be crazy to do anything else. This building (Malibu) is protected against severe earthquakes. We've analysed the new site. First you isolate the building, then the works of art. What we don't know is to what height on the Richter scale we'll build to." (A few nights later, in San Francisco, I was caressed in my bed by a goodly shake, the third in three days in northern California, that measured 5.6 and made the skyscrapers sway).

Sitting in Walsh's tranquil office in Malibu, the shouts and murmurs of British critics who claim that Getty-buying is plundering Britain's heritage sound like the whispering of lizards in the gardens outside. "We've had a fairly quiet period," he says. "Perceptions have changed. We're no longer seen as a voracious museum driven by the tax laws to winkle everything out of English houses." The Getty stresses that it has no intention of becoming a large general museum; that it sets strict limits at auction, and that it does not employ agents or make offers on privately-owned works of art. In addition, it says, it scrupulously honours the letter and spirit of Europe's export laws, something for which American museums were not previously renowned.

Its appetite for great paintings stems directly from J. Paul Getty's niggardly reluctance to buy Old Masters. He bought wonderful classical statuary, French furniture, tapestries and carpets, yet thought paintings were overpriced. Bernard Berenson chided him for buying "pictures of the kind the Kress Foundation sends to every town where it has a five cents store." Baron Thyssen told him: "Stop buying this rubbish and buy a good picture for once."

There will be mora than one Getty fortune at work in the art market. Last June, Paul Getty Jnr announced a £50m donation to Britain's National Gallery, and plans another £50m gift to form a charitable trust in Britain. "Maecenas has come amongst us," remarked William Waldegrave in Parliament.

One way or another, the House of Getty will cast crisp and brilliant shadows down the years ahead.

The Long View

Rhetoric conceals PM's loss of nerve

The most desirable alternatives to the policies Mrs Thatcher has pursued are those she has preached, and it would be a pity to have elected her twice without testing them, says Anthony Harris

LONG AGO, children at parties used to play a game called "Do as I do, not as I say"; and for all I know, they still play it. The Thatcher government seems to have adopted the same self-explanatory rules to govern its economic policy-making. The rhetoric is of steadfast adherence to the rules of good housekeeping. The facts show a consistent willingness to finance current spending out of sales of capital assets, coupled with restless experiment about the details of management.

The misuse of capital has been pointed out and deplored in this column before. On average some £4bn has been raised each year from sales of state-owned houses and businesses, not to mention about twice that sum in non-repeatable North Sea revenue, and very little of it has been reinvested in the UK. This would be a political issue if there were any real good-housekeepers among us, but in fact Labour seems to be planning to extend this wastage by trying to repatriate the £80bn or so that the private sector has managed to accumulate abroad, and presumably run a matching current account deficit. This is Reaganomics, whatever the political label.

However, President Reagan has achieved a short-lived growth miracle in the US with his borrowing, whereas the record in this country has been pretty uniformly drab for more than a decade. It was that drab performance on which voters pronounced two weeks ago. The real question about the Thatcher period is whether it has now begun to create conditions in which we may do better in future. If that has been achieved, it was worth spending some capital to finance some comfort for consumers while the quiet revolution went on; but if the revolution was a sham, the assets went to waste.

The early mistakes can all be put down to monetarism. The Government believed that it could stop inflation without any severe loss of output by doing what it called controlling the money supply. It even believed that the effects of a determined monetary policy would be so powerful that it could get away with a major shift from income taxes to sales taxes without raising prices. The result was what we must hope will remain a unique treble: a monetary explosion accompanied by a slump, and a complete loss of international competitiveness.

There has been a radical change. Monetary targetry is honoured only in rhetoric; monetary policy is now concerned with the exchange rate—that is, with the value of our money, not the statistics.

The other centrepiece of the medium-term strategy was a steadily falling target for public borrowing. This sounds sensible, but it is not, for it would imply raising taxes when the economy was weak, but cutting them in a boom. Again, the rhetoric survives, but the facts are different. With the aid of asset sales, and hiding behind an ever-larger unallocated contingency reserve, the Chancellor can pursue flexible policies while making unyielding speeches.

Criticisms of the current policy stance are mainly marginal, or concerned with the composition of the totals—more spending or less taxes—rather than calling for a massive reflation, Mitterrand style. Interest rates, it is true, are still very high by international standards; but not so high measured against British wage cost behaviour.

All this does some credit to Mr Nigel Lawson, but a lesser man might have done as much. The fact is that a small, open economy has rather restricted choices about management of the whole economy, as Mr Mitterrand, Mr Bob Hawke or a dozen others confirm. It is the detail that matters—the tax structures, regulations, and social investment which create or destroy opportunities for enterprise. This is what Thatcherism is really meant to be about.

Here the story is sadly mixed. The democratisation of the trade unions is the major success; even many union members have learned to love it. It has opened the way to major transformations in many established industries, as those in the newspaper industry are vividly aware at the moment. The various enterprise schemes, and notably all those concerned with new business start-ups, have also been highly successful.

For the rest, though, there seems to have been a sad loss of nerve. Competition policy, which ought to be central in a market-economy strategy, is still a total mess, which seems designed only to hamper mergers that might actually foster efficiency. Nothing has been done to loosen planning restraints, or to revive the private rented sector, thus checking house price inflation and permitting the kinds of migration of population and enterprise which refloated the economy in the 1930s.

Social investment—most notably in a really high level of training, but also in environmental improvement and access for run-down regions—has been hampered by faulty decision-making; it is only now beginning to dawn on the Government that training or employing those who would otherwise be unemployed is a very cheap way of investing in productive potential in the broadest sense. Europe sets an example here which we have been shamefully slow to follow.

Add the resolute dithering over issues like Westland and Leyland, the retreat over Sunday trading, and the growing public arguments between ministers, and you have a general impression of irresolution and incompetence. That is what the voters were also judging, and what the opinion polls have confirmed. It was a danger that was visible from the day that Mrs Thatcher was re-elected with a large majority but no actual programme.

In other words the Government has discarded not only this misguided dogmas about economic management with which it came to office, but has also grown very weak on the drive towards market realism which is what really makes the social market economy run. Our slow growth up to now can be blamed on initial mismanagement, but our prospects now might be much better given greater market freedom. The real alternative, from this Government, to Thatcherism as it has been practised is Thatcherism as it was preached.

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Financial Times Saturday May 24 1986

Prices creep forward as stability returns

London

NATIONAL Westminster Bank was the first of the clearers to break ranks with a base rate cut on Thursday, the day before the others moved in line. The light-hearted suggested that the bank owed the City an early start after its knee-buckling £714m rights issue of the previous week although the cuts had been widely anticipated. For that reason there was not a great deal of mileage to be had for the equity market, especially as the next half point cut could be some way off.

Share prices have nevertheless been creeping forward throughout the week. The gains have not been particularly impressive but there does appear to be a more positive feel after last week's shakeout which took prices down 3 per cent in as many days.

If this stability continues then the chances are that the next serious move in prices will be up rather than down. The fundamentals for profits and dividend growth in 1986 still provide a convincing argument for equity investment even if some of the economic numbers from Whitehall of late look a bit depressing.

The cautionary note however, must be that further heavy cash calls on the market could easily cause prices to wane while politics cannot be ignored indefinitely—though they probably can for the summer at least.

Now that Tate has got its way with both its own and the Hillsdown bid for S. & W. Berisford safely shunted off for a Monopolies investigation—where Tate can also argue the case for an improvement in its cane refining margin—Berisford's management has come to terms with the need to make the group come good by its own efforts.

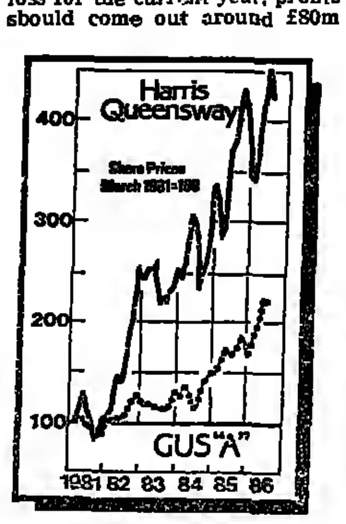
After an exceptional provision against oil and gas reserves interim profits are up by 26 per cent to £36.5m and the number could come out around £90m for the full year. More important, the mountain of debt will be tackled and Ephraim Margulies is talking of a £200m to £300m reduction by September.

Doubtless Goldman Sachs will quickly implement its plan to sell part of the Billingsgate office development which should inject £60m into the bank while the 15 per cent holding in Ranks Hovis McDougall, worth close to £90m, would seem to be a readily disposable asset. RHM, with a fair smattering of good brands is just the sort of business that might appeal to a US food group, although you could pick any one from a number of potential aggressors.

This week RHM turned in its half time figures showing a modest 10 per cent advance at the pre-tax level of £40.2m. Possibly the most impressive aspect is the way the baking business is dragging itself towards a profit after years of chronic losses. Within these figures the baking loss was probably no more than £2m and the second half should be able to whittle that down towards break-even. A couple of years back that operation was losing the best part of £1½m a month.

The point is that Associated British Foods has for years called the shots on pricing and has been able to grind down its rival's profit because of a more efficient baking operation. ABF probably had a cost advantage of over 1½p a loaf in 1982 but RHM's commitment to investment is now paying off; ABF may still have an edge but the gap has narrowed.

If RHM can get its baking right for next year it could substantially improve its performance but even assuming no more than a small baking loss for the current year, profits should come out around £80m



for an undemanding p/e of around 11.

As for ABF, it turned in full year profits of £163.5m against £132.3m this week; better than the City had expected. Part of the growth reflects investment income on its £300m cash pile which could be hard to repeat in the current period. But anyway ABF might just blow its kitty on acquisitions.

With those uncertainties predicting the full year is almost impossible—a lot depends on the harvest—but £170m is a fair minimum target.

Anyone who really argued that the arrival of Sir Phil Harris of Harris Queensway on Fisons' board was a forerunner of an outright bid for Boots was stretching credibility but such was market gossip. Sir Phil's real action came later in the week with a tie-up with Great Universal Stores which would appear to place him as heir to the GUS throne.

HQ has bought Times Furnishing and the Home Charm DIY chain from GUS for £146m, paid for in equity giving GUS a 23 per cent stake. Sir Phil joins the GUS board and also buys back a 20 per cent stake in Poundstretcher discount stores which had gone to GUS earlier in the year.

These new stores will not be easy territory for HQ to handle. Its past efforts in DIY and the continuing struggle with High Street furniture shops are not exactly a testimonial. Trading profit per sq foot from Harris Furnishing stores is not a lot more than £7 a sq ft—almost down to the Woolworth level. And the 450 Times sites (including HQ's shops) will have to be chopped back to around 250 before Sir Phil is happy.

But on anything more than a one or two year view this deal offers all sorts of positive ramifications for HQ even though initial earnings dilution may dampen enthusiasm for the stock which has already taken a bit of a knock after the rights issue.

One of the smaller but no less interesting deals of the week was CAP's agreed £33m offer for Yarrow. CAP had quietly tried its hand as a white knight when Yarrow was fending off a £21m bid by Weir earlier in the year; now it has won acceptance with a much higher price.

Weir has sold its 28.2 per cent stake to the CAP camp so it is hard to envisage a rival bidder emerging now although Systems Designers, a computer software house similar to CAP, was rumoured to be more than a little interested in Yarrow.

While the price CAP has offered—it is paying around 20 times prospective earnings—reflects an element of wanting a "knockout" bid, the rationale for the deal seems strong. Both groups are heavily involved in defence and the term "synergy" actually has some merit when applied here. CAP's defence activities will be considerably strengthened and there are benefits to be found in joining their pools of expertise.

Assuming the enlarged group makes £6½m pre-tax in a full year, the prospective multiple drops to around 18½, a five-point discount to Systems Designers.

Terry Garrett

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1986 High	1986 Low	
FT Ordinary Index	1,331.4	+41.9	1,425.9	1,094.3	Rally on US and interest rate influences
FT Gold Mines Index	237.6	− 8.5	357.0	228.0	Cross-border raids unsettle Rand
Appledore (A. and P.)	210	−100	405	210	Disappointing interim results
Bass	800	+50	840	625	Interim profits above expectations
Boots	264	+17	288	225	Rumours of a bid from Fisons
Clarke (Clement)	250	+75	250	130	Bid approach
Country G'tlemen's Assc	£23¼	+ 8¼	£23¼	490	Bid situation
Courtaulds	284	+24	315	191	Annual results due Thursday
FKI Electricals	84½	+ 9½	84½	47	Acquisition from Thorn EMI/comment
Hallite	265	+27	265	152	Bid approach
Harris Queensway	264	+22	316	202	Times Furnishing deal with GUS
Ladbroke	339	+24	389	312	Chairman's confident statement
Marler Estates	370	+25	385	172	Fulham FC acquired for £9m
Morrison (Wm.)	218	+20	218	150	Chairman's confident statement
Ratcliffe (F. S.)	320	+85	320	55	Large stake changes hands
Sainsbury (J.)	388	+18	416	344	Excellent results
Samuel (H.) A	335	+45	335	160	Agreed bid from Ratners
Telephone Rentals	245	+33	245	170	Bid speculation
Woolworth	860	+55	920	438	Increased bid hopes
Yarrow	830	200	830	400	Bid from CAP Group

How the cookie crumbled

USM
UNLISTED SECURITIES MARKET

MRS FIELDS' cookies may have been selling like hot cakes at the company's new outlet in London's Piccadilly Circus this week, but a couple of miles away in the City its shares failed decisively to whet investors' appetites. Some 84 per cent of the issue ended up with the underwriters and the market was left struggling to recall any USM issue that had done as badly.

One of the more surprising aspects of the flotation was that it flopped with such powerful names behind it. With Cazenove as broker, and Schroders acting with Goldman Sachs International as sponsors, success seemed assured. Cazenove in particular is renowned for its placing power; and while in fairness the firm has never claimed to be infallible, it is somehow reassuring to note that the bluest blood in the world will not see an issue away if the market takes a dislike to it.

In fact, there was nothing mysterious about the poor response. As with any new issue, it resulted from the interplay between three main factors: the state of the market, the price at which the offer was pitched, and the attractions of the company itself.

The market was clearly not in a mood for the offer. It was already nervous when the prospectus came out on Wednesday last week in the wake of some heavy cash calls, and on the day of the launch National Westminster Bank made the biggest rights issue the British market has yet seen.

Target, a life assurance and unit trust company whose flotation on the main market was also imminent, promptly pulled itself out of the new issues queue and there were probably other would-be debutantes which did the same; but for Mrs Fields it was too late.

Yet, the market cannot take all the blame: the offer for Charles Barker, the public relations company floated on the main market the next day, was oversubscribed 11 times.

Admittedly, Charles Barker's issue was much smaller, with 5m shares on offer against Mrs Fields' 30m, but pricing clearly determined the response. A prospective p/e ratio of 18½ is steep by any reckoning; and with the tax charge rising from 6 per cent to 30 per cent over the next two years it assumed a growth rate which, to a sceptical market, stretched the bounds of credibility even in the light of past performance.

There was also a feeling that there was too much small print to make it worth taking a chance on Mrs Fields in the prevailing market conditions. And there were some in the City who felt that the competition for sponsorship of such a high-profile issue was such that whoever won would have been obliged to offer the client a price that an adverse market would find indigestible.

In all this, Mrs Fields itself has remained remarkably free from criticism. There have been murmurs about the dangers of competition, the leanness of top management and the company's prospects in international markets, but most reservations were over the fact that is was a completely unknown quantity.

As one analyst put it: "Where you might pay 18 times earnings for Laura Ashley because you can see it and touch it, with this company all we had was an electrifying track record and a 1½-hour presentation followed by a question-and-answer session. It looked a fantastic company, but at the end of the day it was just too much of a fairy tale."

So what are the long-term implications of the Mrs Fields flop? Probably minimal. A deathly hush has fallen on the USM new issues scene, but this has more to do with the spring holiday and worries over which way the market is going than any direct response to Mrs Fields.

Nor is there a feeling that US companies will be put off coming to the London equity markets: the advantages of a London USM quote in terms of ease and cost remain, and the effect is likely to be limited to making brokers sweat a little more for a while over the process of getting issues underwritten.

As for Mrs Fields, the offer for sale was underwritten so the company has its money, anyway; but clearly it is going to have to reconcile itself to a lower share price than the 140p at which it was offered when dealings begin on Wednesday. Cleveland Securities was quoting a grey market price of 123p/127p yesterday morning and this seems as good a guide as any to the likely opening level.

Beyond that, all hangs on Cazenove's efforts in the aftermarket and the world's appetite for Mrs Fields' really rather tasty cookies.

Richard Tomkins

Courtauld shares earn more

SHARES of Courtaulds have raced ahead of the market in recent months. The company's preliminary results, which will be announced on Thursday, should vindicate the buyers by unveiling a relatively modest increase in profits to £143m; but a more marked increase in earnings per share, thanks to a reduced tax charge.

Both the fibres and textiles divisions should have benefited from cost-cutting and improved productivity and will have performed particularly well in the second half while the paints division should also have fared better.

The company will have suffered from adverse dollar exchange rates, but this should be tempered by increased sales to Europe and the recovery of the South African rand.

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Tesco might have been a little late in realising that it is just as easy, and much more profitable, to sell Beaujolais as baked beans to the supermarket shopper; but it has more than compensated in the zeal with which it embarked upon a capital spending programme to improve the profile of both its stores and the products sold within them.

Sir CHRISTOPHER HOGG, chairman of Courtaulds

The benefits of that programme have now filtered through to profits and the City expects a 50 per cent increase to £122m when its preliminary results are unveiled on Thursday.

Retail price inflation for food has fallen to less than 3 per cent, but the combination of more and larger stores and a wider product range has boosted volume sales and improved margins.

After a bullish first half, Tesco's second half got off to a sluggish start. The pace of business perked up over the Christmas period, however, and was sustained to the end of the financial year.

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A feeble increase in pre-tax profits of under 2 per cent to £110m is all the City expects from REDLAND, which reports on Friday. Bad weather in the UK in the last month of its financial year will have taken the edge off what otherwise would have been a strong performance. Bricks and aggregates should both have done well, while roof tiles should be showing signs of a recovery at last.

Overseas results will be grim, due partly to the effect of the dollar on the profits of its US companies; this will eliminate any underlying advance, while Braas in West Germany has had a most difficult year and its trading profits may be down by one-third.

There will be no surprises in the contribution from associates—Monier has already reported, and an acceptable trading profit will be reversed by the side in the Australian dollar.

Results due next week

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So long as HARRISONS & CROSFIELD maintains its generous dividend when it announces preliminary figures on Wednesday the market should not be unduly upset by profits of about £63m, well below last year's £83m.

Commodity markets have been troublesome places over the past 18 months, and the background to almost all Harrisons' activities—with the exception of chemicals—has been worse than in 1984. Profits from the group's main crop, palm oil, may be down by nearly half, due to serious over-capacity.

However, Harrison has reduced its dependence on plantation, which used to account for half of the whole against less than one-third now.

These results will contain a first-time contribution from Pauls, which will be included in the figures for nine months.

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COLOROLL put out a profits forecast during its unsuccessful bid for Staffordshire Potteries earlier this year, so there are unlikely to be many surprise in its figures for the year to March, due out on Tuesday. The number it has to beat is £6.2m compared with £3.8m the year before.

Part of the increase will be attributable to the buoyancy of consumer spending and the population's tendency to spend a rising proportion of its disposable income on the home, which will have boosted demand for the group's wall coverings and furnishings.

However, another key feature of the results is likely to be the performance of Wallmates in the US. This company was transformed from a related company to a subsidiary at the beginning of Coloroll's year and its further integration into the group should have yielded a significant upturn in its contribution.

MR IAN MacLAURIN, chairman of Tesco

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Also reporting next week: Electra Investments (finals, Wednesday), Gerrard & National (finals, Wednesday), Glove Investment Trust (finals, Wednesday), MEPC (interims, Wednesday), and M & G Group (interims, Thursday).

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Air Call	Wednesday	1.25	3.75	1.25
Allied Lyons	Wednesday	2.6	4.9	3.25
Bisichi Tin	Tuesday	—	0.65	—
Boots	Thursday	2.2	4.0	2.5
Bulmer and Lumb	Friday	1.55	3.35	1.66
Chamberlain and Hill	Friday	1.4	2.1	1.4
Coloroll	Tuesday	—	—	2.0
Courtaulds	Thursday	1.4	2.6	1.75
Edbro (Holdings)	Thursday	2.0	4.5	2.5
Electra Investment Trust	Wednesday	1.7	2 0	1.8
Freshbake Foods	Wednesday	0.6	1.1	0.6
Gates, Frank G.	Wednesday	—	3.0	—
Gerrard and National	Thursday	3.0	10.2	3.0
Goldberg, A.	Tuesday	0.5	0.5	1.0
Harrisons and Crosfield	Wednesday	4.5	15.5	—
Hay & Robertson	Tuesday	—	—	—
Hill, Philip Investment Trust	Thursday	3 0	6.65	3 0
Hunter Saphir	Tuesday	0 7	1 05	0.85
Hunting Group	Friday	—	2.0	—
Lep Group	Thursday	1.25	3.25	1.5
London and Associated Invest. Trust	Tuesday	—	0.24	—
Monks Investment Trust	Tuesday	1.1	1.3	1.1
Pavion International	Thursday	—	—	—
Redland	Friday	3.575	0 925	3.9325
Richardsons Westgarth	Wednesday	—	—	—
Sandhurst Marketing	*Thursday*	0.389	0 812	0 389
Tesco	Wednesday	1.75	3 1	2.1
TR Property Investment Trust	Wednesday	1.35	2 2	1 5
Wattern Brothers	Thursday	—	1.0	—
INTERIM DIVIDENDS				
Associated Fisheries	Wednesday	0.25	3.0	
Fulcrum Investment Trust	Friday	2 2	3.4	
MEPC	*Wednesday*	2.5	8 0	
Midsummer Inns	Tuesday	2.0	2.5	
Norton	Friday	1.85	3.75	
Radio City (Sound of Merseyside)	Tuesday	—	—	
Scottish Investment Trust	Friday	2 0	3.95	
Scottish National Trust	Tuesday	1.5	3.35	
Smart, J.	Thursday	1 2	3.16	
Wolverhampton and Dudley Breweries	Thursday	2.85	5.7	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 29%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
*CLEARING BANK**								
Deposit account	4.30	4.39	3.40	2.47	monthly	1	—	0-7
High interest cheque	7.20	7.40	5.73	4.17	quarterly	1	2,500 minimum	0
Three-month term	6.89	7.07	5.48	3.98	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	6.00	6.09	4.72	3.43	half yearly	1	1-250,000	0
High interest access	7.75	7.75	6.00	4.37	*yearly*	1	500 *minimum*	0
High interest access	8.00	8.00	6.20	4.51	yearly	1	2,000 minimum	0
High interest access	8.25	8.25	6.39	4.64	yearly	1	5,000 minimum	0
High interest access	8.50	8.50	6.58	4.79	yearly	1	10,000 minimum	0
90-day	8.50	8.68	6.72	4.89	half yearly	1	500 minimum	90
Premium	8.42	8.69	6.73	4.90	quarterly	1	10,000 minimum	90
NATIONAL SAVINGS								
Investment account	11.50	8.17	6.33	4.60	yearly	2	5-50,000	30
Income bonds	12.00	9.00	6.97	5.07	monthly	2	2,000-50,000	90
31st issue‡	7.85	7.85	7.85	7.85	not applicable	3	25-5,000	8
Yearly plan	8.19	8.19	8.19	8.19	not applicable	3	20-200/month	14
General extension	8.52	8.52	8.52	8.52	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	7.67	7.82	6.06	4.41	half yearly	1	2,500 minimum	0
Schroder Wagg	7.10	7.34	5.68	4.13	monthly	1	2,500 minimum	0
Provincial Trust	7.85	8.14	6.30	4.59	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75pc Treasury 1985-88	8.29	6.03	4.78	3.61	half yearly	4	—	0
10pc Treasury 1990	8.69	5.87	4.32	2.84	half yearly	4	—	0
10.25pc Exchequer 1995	9.03	6.19	4.62	3.15	half yearly	4	—	0
3pc Treasury 1987	6.20	5.30	4.81	4.35	half yearly	4	—	0
3pc Treasury 1989	6.02	5.11	4.60	4.13	half yearly	4	—	0
Index-linked 1990¶	7.52	6.86	6.50	6.16	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated				
Aitken Hume	175	174	158	80.27	Tranwood
APV	575	570	350	151.80	Siebe
Assoc Heat Srves	490*§	486	440	39.20	Cie Generale de Chauffe
Benford Concrete	82½§	79	83	18.29	BM Group
Berisfords	127½	100	112	6.98	Allied Textile
Berisford (S. W.)	221	219	230	422.96	Hillsdown
Bevan (D. F.)	49	47	38††	3.85	Wheway
Biddle Holdings	160*	155	165	6.40	Kone (UK)
Brickhouse Ddley	136§	135	112	21.16	Glynwed Intl
British Vending	118	115	67	12.61	GKN
Brown (John)	30	29	23	78.05	Trafalgar House
Burnett & Hallam	20½	19	22	8.00	Anglo United
Chart Flks Lynch	122	121	90	4.85	Cowan de Groot
City & Forgn Inv.	126	129	115	5.04	Harvard Secs
Clive Discount¶	50*	49	47	11.95	Bache Group
Coln Industries	105	96	95	12.07	Burgess Products
Ctry Gentlemens	£13¼	£23¼	775	10.00	Bestwood
Ctry Gentlemens	£12¼	£23¼	775	8.95	Frederick's Place
Don Bros Buist	175	180††	130††	11.44	Shell Transport
Duport	135	134	125	73.13	Williams Hldgs
First Security	150*	155	140	18.00	Brit Car Auction
Hambro Trust	340a	187	290	51.14	Hambros
Hampton Areas	130*	140	128	35.46	Metals Exploration
Hoggett Bowers	126	121	108††	16.09	Blue Arrow
Kenning Motor	319	310	173	130.73	Tozer Kemsley
Land Investors	78*	74½	73	74.05	BCPH
Marshalls Unvrsl	77	75	82††	14.40	British Syphon
McKechnie Bros	229	240	222	137.74	Evered
Moss (Robert)	132	128	97	25.66	Bunzl
Park Place	335*	335	308	44.98	Wolters Samsom
Pegler-Hattersley	557§	603	472	170.27	Tomkins (F. H.)
Petranol	78§	55	74	20.15	Inoco
Pritchard Servs	124	118½	85	143.3	Hawley Group
Raybeck	47½*	45	44	17.43	[illegible]
RFD Group	196§§ §	212	206	26.74	Scapa Group
RFD Group	214	212	120	29.22	Wardle Storeys
Roberts Adlard	250	245	230	12.02	Bowater
Rotaflex	294	348	210	32.55	Emess Lighting
Samuel (H.) Ord	348§§ §	335	325	23.84	Ratners
Samuel (H.) 'A'	145§§	138	135	118.98	Ratners
SGB Group¶	343§§ §	342	324	146.68	Mowlem (J.)
Stndrd Chartered	750§§	796	873	1.167bn	Lloyds Bank
Stndrd Fireworks	155§	154	155	8.70	Scott Heritable
Stock Conversion	717	720	705	396.14	P & O
Wedgwood	307	362	343	139.48	Lon Intl
Whitworth's Food	46	42	63††	5.02	Booker McConnell
Woolworth Hldgs	676	860	633	1.597bn	Dixons Group
Yarrow	800§§	880	630	32.00	CAP Group

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on [illegible] †† At suspension. §§ Shares and cash. ¶¶ Related to [illegible] determined. ||| Loan stock. ‡‡ Suspended. || Swedish [illegible] n Cash offer; alternative paper offer made.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Allied Irish	Mar†	87,000	(84,000)	32.3	(31.9)	10.0	(8.6)
Assoc Brit Foods	Mar	163,500	(132,300)	24.7	(19.8)	6.1	(5.6)
Benlox Holdings	Dec	366	(358)	—	(—)	1.8	(1.9)
Berkeley Group	April	3,800	(2,197)	18.8	(12.8)	4.2	(3.6)
Biddle Holdings	Dec	413	(1,450)	5.3	(20.9)	—	(—)
Boosey & Hawkes	Dec	5,010L	(32)L	—	(—)	—	(—)
Bridgend Group	Dec	217	(188)L	1.5	(—)	0.35	(—)
Brit & Am Film	Dec	601	(612)	—	(—)	—	(—)
Br Born Pet Syn	Mar	1,910	(1,790)	27.5	(25.7)	20.0	(17.5)
Bus Mort Trust	Mar	2,400	(1,740)	11.2	(9.2)	1.51	(—)
Castings	Mar	1,550	(1,190)	10.7	(9.9)	3.0	(2.5)
Comp Fin Service	Dec	326	(257)	5.9	(5.5)	2.2	(1.8)
Country & New T	Jan	7,620	(3,480)	4.3	(3.5)	1.9	(1.5)
Davenport Knit	Dec	1,110	(811)	—	(—)	7.1	(6.3)
Deritend Stamp	Feb	2,120	(1,520)	27.4	(27.0)	5.6	(4.1)
El Oro	*Dec*	1,010	(883)	14.4	(11.9)	4.17	(4.2)
Exploration Co	Dec	1,230	(1,110)	6.6	(5.8)	2.31	(2.1)
Feb International	Dec	716L	(811)	70.7	(56.1)	1.78	(2.9)
Ferg Ind Hldgs	Feb	7,500	(6,500)	18.9	(14.6)	7.9	(7.15)
Fine Art Dev	Mar	10,100	(7,200)	11.2	(8.9)	4.0	(3.2)
Goodwin Warren	Dec	535	(508)	—	(—)	2.2	(2.0)
Hartwells Group	Feb	5,710	(5,020)	7.9	(8.9)	2.65	(2.3)
Hawtal Whiting	Jan	2,110	(442)	—	(—)	7.0	(—)
House Prop Lon	*Dec*	42	(34)	4.2	(1.2)	9.0	(9.0)
Ivory and Sime	April	2,970	(2,400)	6.1	(4.8)	4.75	(3.25)
Lendn Holdings	Dec	41	(48)	0.2	(1.5)	0.75	(1.0)
Lond & Northern	Dec	12,500	(18,350)	7.4	(11.9)	5.15	(4.9)
Mappin and Webb	Feb	4,250	(4,790)	—	(—)	5.46	(4.96)
Mersey Docks	Mar	2,400	(807)	10.0	(—)	—	(—)
Micro Focus	Mar	2,030L	(721)	—	(0.1)	—	(—)
Monks and Crane	Mar	1,510	(721)	8.0	(3.2)	1.8	(—)
Plessey	Mar	170,170	(163,660)	13.5	(12.7)	5.03	(4.88)
Readicut Intntl	Mar	5,600	(4,500)	4.3	(3.8)	1.63	(1.45)
Sainsbury, J.	Mar	15,800	(12,100)	18.2	(15.6)	5.5	(4.5)
Spectra Auto	Jan	463	(401)	6.3	(8.2)	2.5	(—)
Tranwood Group	Jan	180	(119)	0.6	(0.7)	—	(—)
Underwoods	Jan	2,540	(1,477)	6.8	(3.7)	—	(—)
Whitbread	Mar	129,600	(110,100)	23.0	(21.4)	7.8	(6.95)
York Mount	Dec	176	(203)	—	(—)	—	(—)
Young and Co	Mar	3,280	(3,000)	15.1	(12.7)	7.3	(6.3)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Albion	Mar	243	(171)	0.8	(0.6)
Appledore, A.& P.	Mar	282	(414)	2.0	(2.0)
Assoc Paper Ind	Mar	2,310	(2,200)	2.2	(2.0)
Avon Rubber	Mar	2,390	(2,000)	2.5	(2.2)
Bass	April	130,100	(106,100)	4.2	(3.7)
Bibby, J.	Mar	20,320	(15,960)	2.75	(1.0)
Brooke Tool	Mar	577	(427)	0.63	(0.5)
Brown, Matthew	Mar	3,820	(3,120)	3.0	(2.15)
Cramphorn	Jan	22	(29)L	1.67	(1.67)
Craton Lodge	Mar	163	(130)	0.6	(0.5)
Cronite Group	Mar	219	(200)	—	(—)
Crystalate	Mar	3,510	(2,360)	1.85	(1.54)
Dubilier	Mar	2,370	(2,900)	1.2	(1.1)
Greenall Whit	Mar	13,170	(12,440)	2.76	(2.48)
Guinness Peat	*Mar*	9,420	(8,810)	0.9	(0.8)
Irish Distillers	Mar†	7,670	(577)L	2.0	(1.5)
Leeds Group	Mar	81,060	(876)	2.25	(1.87)
McCarth & Stone	Feb	5,020	(4,080)	0.82	(0.67)
Mckechnie Bros	Jan	8,780	(8,070)	—	(—)
North Mid Cons	Feb	16L	(6)L	—	(—)
RHM	Mar	40,200	(36,700)	2.12	(1.84)
RHP	Mar	6,290	(4,260)	1.9	(1.85)
Sidlaw Group	Mar	2,250	(3,340)	2.75	(2.75)
Tomkinsons	Mar	753	(502)	1.25	(—)
Trilion	Mar	269	(221)	0.4	(—)
Tunstall Tele	Mar	2,320	(1,744)	0.8	(0.7)
Utd Scien Hldgs	Mar	966L	(5,360)	2.2	(2.2)
Wheway	Mar	263	(534)L	—	(—)
Williams, J.	Mar	102	(23)	—	(—)
Wistech	Mar	86	(13)	—	(—)

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share except where otherwise indicated. † In I£. L Loss.

RIGHTS ISSUES

Amari—To raise £10.5m through a rights issue on the basis of 3 convertible preference shares of £1 for every 8 ordinary shares held.

Berkeley Group—To raise £11.9m through a 2 for 7 rights issue at 355p.

Clifford's Dairies—To raise £5.8m through a rights issue on the following basis: 1 voting and 6 non-voting shares for every 25 held in each class. Price: 190p for voting and 170p for non-voting.

McCarthy and Stone—£19m rights issue, 1 for 5 at 235p.

Robinson, Thomas—£6.2m rights issue, 2 for 9 at 275p.

STV—£5.7m rights issue. 1 for 4 at 285p.

York Mount—£1.9m rights issue. 6 for 5 at 41p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Evans Halshaw—Offer for sale of 7.2m shares at 120p.

Hawtal Whiting—Placing 634,000 shares at 435p.

London Shop Property Trust—Placing £20m 10 per cent first mortgage debenture stock 2028 at £99.773.

Tops Estates—Raising £15m through an issue of 10½ per cent debenture stock at £99.073.

[redacted]

Financial Times Saturday May 24 1986

MARKETS

هكذا من الاجل

Investors aflutter in foothills of the Dow

HOW HIGH is high? Asked Shearson Lehman in a recent broad brush sketch of the prospects for Wall Street. It is a question many investors are asking themselves at the moment as the Dow Jones Industrial Average flutters back and forth over the 1800 line. With the 30 industrial stocks in the Dow average now standing on a relatively lofty price earnings ratio of just over 18, and yields well below the 4 per cent level, can the market have much more steam left in it?

Shearson's answer is a resounding affirmative. There may be some correction (i.e. fall) in share prices in the near future, it says, but long-term the stock market remains in a bull phase, and the best place for an investor to put his money is in financial assets. The now familiar arguments are trotted out to support the case — low interest rates, lower oil prices, subdued inflation, good prospects for economic growth in the US and overseas, easing in monetary policy, budgetary restraint and a low dollar.

However persuasive this thesis might be over a longer-run period, it has plenty of critics for the short term. The retreat of the Dow over the past five weeks, while partly offset by a couple of powerful surges this week, is evidence that many investors suspect that a lot of the good news Shearson is talking about is out already. With the dollar falling, it may not be possible to bring down interest rates much more without scaring foreign investors away, while the inflation figures are

Wall Street

only in retreat at the moment because of the heavy impact of the rapid oil price declines. Moreover, oil prices themselves may not fall below their lows of six weeks ago.

The influence oil continues to exert on the market was evident in the sharp rallies in Tuesday and Thursday this week, which both followed some weakening in oil prices on the day. By contrast, each of the main items of economic news provoked little response.

The April decline in the consumer price index, down by 0.3 per cent, was largely ignored because the *figures* were so heavily distorted by the plunge in energy prices, while the publication of buoyant, revised GNP figures for the first quarter, up to 3.7 per cent from 3.2 per cent, against a general expectation of a lower result, provoked little more than a yawn of boredom. Far from interpreting the figures as a sign of vitality, economists decided that they had been right after all on the underlying situation, and that an upturn in inventories meant continuing weakness in the economy rather than the reverse.

Overall, indeed, the economy is giving Wall Street little encouragement at the moment. The main disappointment lies in corporate profits, which have so far shown little of the buoyancy many forecasters were expecting following the decline in the US currency. Hewlett - Packard's second-quarter results on Monday, when trading on the New York stock Exchange, at 85.8m shares, was the second lowest of the year, and underscored some of investors' fears. The computer manufacturer reported that it remained cautious about its prospects because, "as in the US, fundamental buying trends in most major countries have not rebounded, even with the more favourable currency situation."

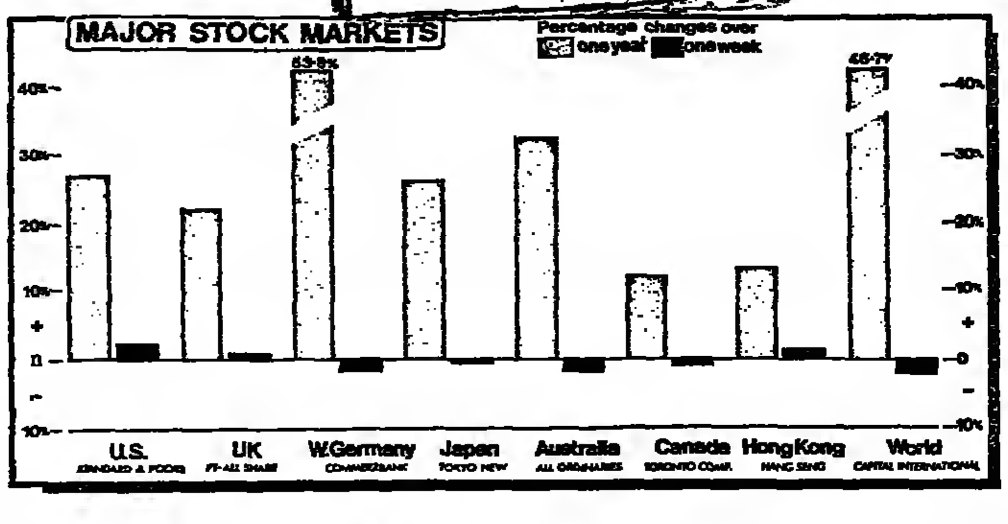
This week's meeting of the American Iron and Steel Institute in New York gave a revealing glimpse into part of the dollar debate. So far, the decline in the US currency has done nothing at all to help the US steel manufacturers recapture domestic markets, where attempts to raise prices have proved embarrassingly ineffective in the face of stubbornly high imports.

In other industries, such as car-manufacturing, US manufacturers are beginning to see their competitiveness restored —indeed, Mr Lee Iacocca, the irrepressible chairman of Chrysler, claimed this week that Japanese importers will have virtually no price advantage over US vehicles by the end of this year. But even here, importers have been able to squeeze margins and avoid raising prices to the extent that might be expected, and some analysts believe that overseas producers will be able to raise productivity enough to avoid passing all of the currency increases on to American consumers.

While these uncertainties on the economic front have depressed trading, the stock market has had little to excite it in terms of special situations this week either. Burroughs' bid for Sperry remained deadlocked after some elaborate manoeuvrings, with strong indications that Burroughs may have to increase its offer from $75 a share to carry off the prize, and other acquisitions during the week were concentrated on portfolio adjustments in large companies rather than contested bids.

Lorimar, the maker of the Dallas television series, for example, acquired $1.8bn worth of television stations in what is regarded as an extremely costly attempt to buy stability of earnings, while Occidental, the big oil group, moved more deeply into chemicals with the $800m purchase of Diamond Shamrock's chemicals interests. At the same time, the Citicorp banking group appears to be close to success in its $675m bid to take over Quotron, the stock price information service.

To some degree, the fall in dealing activity is also attributed to the dramatic accusations brought by the Securities and Exchange Commission against Mr Dennis Levine, a leading Wall Street investment banker, for insider trading. There is no doubt that the case has left Wall Street stunned and dismayed—and possibly somewhat more wary about dealing in special situations. There are indications that the SEC may be aiming to extend the interpretation of insider dealing in a way that would make arbitrage dealing more tricky than it is at present, and even if this is not achieved, Wall Street is likely to become a less leaky, rumour-mongering place than it has been in the recent past.



MONDAY	1758.18	— 1.62
TUESDAY	1783.98	+25.80
WEDNESDAY	1775.17	— 8.81
THURSDAY	1806.30	+31.13

Terry Dodsworth

Euphoria sweeps bourse

WHY DO the Italians have to exaggerate everything so much? Not content with an economic upturn, political stability, increasingly profitable industry and an ever more popular stockmarket, the bull run on the Milan bourse has to be larger than large, brighter than bright.

And so, at the start of this week, with typical Milanese nonchalance, the bourse gained another 6 per cent in a single day and brought total growth in the Banca Commerciale Italiana (BCI) share index to 93 per cent since the start of January. The near-doubling of the market in four months follows an unprecedented boom last year which saw the BCI index rise by more than 100 per cent. The result is that the total market capitalisation of Milan has gone from $28bn at the start of last year to $125bn at present.

If you apply Anglo-Saxon tools of stock market analysis to Milan, it all begins to look quite unhealthy: Fiat shares, purchased 12 months ago, have quadrupled (from L4,000 to L16,000) in value. The average price/earnings ratio in Milan is around 33. Shares in Generali, Italy's biggest insurer, which are among those traded most actively, are now calculated by brokers to be at 85 times earnings.

Then, there are the more-than-a-million first-time small investors flooding into the market from the provinces and buying, without selectivity, just about anything that is going. New issues are stagged like crazy and prices tend to rise by anything from 20 to 100 per cent within a few weeks of being quoted. "This *euphoria is sheer craziness*," says Paolo Arzoni, a leading Milan stockbroker.

Milan

So what, then, is going on in Milan? What is behind the boom?

The answer is that no longer are corporate figures relevant to the prices being paid for shares. All market fundamentals, from oil prices and inflation to profit levels and interest rates, have now been discounted. The Milan bourse is on a spree, fuelled by enormous liquidity that comes mainly from the 40 newly authorised unit trusts which have attracted $29bn of funds from 1.5m new savers in the past 20 months.

How do you explain this flood of liquidity?

Italy has one of the world's highest *savings* ratio. With exchange controls and limited investment options, savers have been drawn into tax-free *unit* trusts and money is flowing in at the rate of between $3-4bn a month.

But isn't the market in a dangerous condition?

Yes, by the standards we would apply to London or New York. Any market which doubles in value in four months must be potentially unstable.

So is there a danger of a crash?

Not necessarily. Here is where we must introduce two *key elements* which *help* to explain why Milan is defying gravity and logic. The first is that the 40 unit trusts act as a kind of cushion, a safety net. When, for example, at Easter, the market fell by 15 per cent, the professionals moved in and bought. The professional fund managers, by their own admission, have few other choices—they already put around half of their portfolios into treasury bonds. "What else can we do with our cash if we take it from the bourse?" asks one manager.

The second factor is that even with its expansion in recent months, prices on the *Milan bourse are manipulated* often by a small clique of fund managers, brokers and companies. *It is already the talk* of the town that Fiat shares, now at L16,000 each, will be "taken up to L20,000 before long."

All of this sounds very strange. What are the real prospects for the market?

If people knew the "real prospects" for the Milan bourse, they would not be in Milan — they would be on a beach somewhere with a Pina Colada and a Reuters monitor. It is clear, however, that the prices of many shares bear little relationship to the intrinsic value of the paper.

Despite this, the extraordinary liquidity in the market means that the demand side of the equation continues to rule. The question people really should be asking themselves is: how long can this remain the case? In Milan, the view is that the market could continue its present path well into the autumn.

The further anyone gets from Milan, however, the more sceptical one becomes.

Alan Friedman

Canadians go for gold

WAITING FOR metal prices to pick up calls for even more patience on the part of mining investors, it seems, than waiting for summer to arrive in the UK — hopefully before the nights start to draw in. Still, the price of gold, although uninspiring, is good enough for the mining companies to earn good profits.

This cuts little ice with holders of South African golds as they watch share prices sliding down against a background of political unrest and apprehension about the coming round of mine wage negotiations.

The plight of the South Africans has already been recognised in the relatively high prices of the Australian and Canadian gold issues which now look to have run out of steam pending a forward move in the bullion price.

Even so, the proposed offer of shares next month in a new Canadian gold-orientated mining finance house should not go unnoticed, provided the price is right. Interestingly, it results from the Quebec Government's wider privatisation plans.

The bulk of the gold and other mining assets of the state-controlled Soquem are to be put into the newcomer, Cambior, in return for about C$100m (£49m) which will be used to repay Soquem's debts. Cambior intends to raise between C$100m and C$150m by an offer of about 60 per cent of its shares, which will cover the payment for the Soquem assets and leave something over for working capital.

The major asset is the half-share (with **Lac Minerals**) in the big open-pit Doyon gold mine in north-western Quebec, which turned out 170,000 oz of gold last year at a low cost equivalent to US$171 per oz; unit costs can be expected to

Mining

rise when undergroup operations start next year, but ore grades could also be higher.

Other assets include a half-share in the Niobec niobium mine and holdings of 32 per cent in the gold-producing Sullivan Mines and 24 per cent in Aiguebelle Resources. Cambior also hopes to turn to account some of its various gold prospects, which include the promising Ribago joint venture with Noranda.

At the **Rio Tinto-Zinc** annual meeting in London this week Sir Alistair Frame, the chairman, announced yet another new acquisition for the international mining, energy *and* industrial group. The Ottawa Silica Company of Illinois has been bought for $46m (£30.6m).

This follows last year's purchase of **Pennsylvania Glass Sand** and will make RTZ the largest supplier of silica sand —used in making glass—in the US. Together with the group's other industrial interests, it will also help to iron out the impact on total earnings of the cyclical swings in fortunes that can affect the mining side.

RTZ has acquired the knack of living comfortably in a world of *swings* and *roundabouts*. For example, the ever-changing movements in the currencies of the various countries where the group operates tend to even themselves out as far as final profits are concerned, while the fall in oil prices which is hitting energy earnings is also benefiting the *oil-consuming mining* operations.

Sir Alistair is also one of those observers who believe there will eventually be a "significant" rise in the price of oil, if only because of the long-term effects of the cut-backs in exploration: meanwhile, increased world industrial activity should help oil demand. At all events, RTZ is backing its views by seeking to pick up any suitable oil investments in a depressed market.

The group does not seem too hopeful about government aid being forthcoming for its Cornish tin mines, Sir Alistair mentioning the "strong possibility" of their closure at the end of July. The independent Geevor, meanwhile, has just produced a survival plan which, it is hoped, could transform the prospects for its loss-making tin mine at Pendeen.

Everything hinges on the Goverment providing most of the £25m required to be spent over the next five years in a programme to lower mining costs from the present equivalent of £8,000 per tonne to about £6,500 and doubling production; by then, the company reckons that tin prices will have recovered from the present depressed level of around £3,600 to comfortably over £6,500.

Miners and shareholders will also have to play their part, the latter in subscribing to a £2.5m rights issue of new Geevor shares at 25p *in the ratio of* two for every one held; the price now is about 31p.

Kenneth Marston

· FINANCE & THE FAMILY ·

Rights issue

Discount discontents

LAST WEEK'S record £714m rights issue by the National Westminster Bank led one seasoned stockbroker to declare furiously: "I've been in this business for 25 years and I've never heard of such an outrage to private investors." What maddened him was that any investor who could not afford—or did not want to meet—such a large demand for cash could well be faced with a tax bill for not doing so.

The problem is not confined just to the National Westminster issue although, because of its daunting size, it is the worst offender. The recent rights issues from the Prudential and Cater Allen also fall into the same trap because all three are deeply discounted, meaning that the price of the new shares has been set a long way below the existing market price.

Any unsuspecting NatWest shareholder might initially have felt pleased on receiving details of the issue. For each share, which last week were worth more than 800p, shareholders were given the right to buy another one at 200p. Such an issue has a large scrip element in it, as it increases the number of shares in issue by more than it increases the value of the whole. Private investors are supposed to love scrip issues and are meant to be averse to shares which cost more than £4 or £5.

However, even a model investor, who feels this way about scrip issues and high share prices and has sufficient spare cash to take up the full entitlement, might not have felt too pleased about the issue as the sheer size of it has knocked NatWest's share price badly. And investors who do not want to take up their full entitlement could feel very aggrieved indeed, because they will probably have to pay capital gains tax on the sale of the rights.

Under the 1979 Capital Gains Tax act, the sale of the rights does not attract CGT so long as it amounts to less than 5 per cent of the original investment. In an ordinary rights issue, there is seldom any CGT to be paid. With a typical discount of between 10 or 20 per cent, the issue would need to be very heavy indeed to make the sale valuable enough to tripper the 5 per cent ceiling. However, the deeper the discount, the greater the value of the rights—and, hence, the greater the chance that CGT will be payable on any sale.

An investor who sells all the rights—and, in so doing, considerably lessens the value of the investment—perhaps should not complain unduly at having to pay tax.

On the other hand, an investor who sells just enough of his rights to pay for the portion needed to maintain the value of the investment will find himself paying tax on the shares sold, even though the money goes straight back into the original investment. The 5 per cent rule will trip up any such NatWest investor who, in selling the surplus rights, will have disposed of 15 per cent of his investment—and will, therefore, be faced with a tax bill.

Shareholders of the Pru come out better. Because the issue is lighter—just one for five—and the rights discount less than 50 per cent, it should be possible to hold the value of the investment tax-free. Investors who are prepared to see even a small fall in the value of their holdings are likely to have to pay CGT.

In the past three weeks, companies have called for more than £1bn through deeply discounted rights issues—a fact that does not bode well for the small investor.

However, it is not difficult to see why such issues are becoming so popular with the companies themselves. Any company that pitches its rights price a very long way below the existing share price runs no risk that the market will go so sour that the price of the new shares will be left sitting above the old. Thus, there is no need to get the City to underwrite the issue by guaranteeing to buy the shares if shareholders do not want them.

The resulting saving in fees can be enormous—the Prudential saved £7m while, by offering its shares at a discount, NatWest sidestepped costs of up to £15m.

Lucy Kellaway

Marrying into money

SOME strange alliances were formed in the general panic that greeted the announcement of the proposed revolution in the London Stock Exchange in October, dubbed the Big Bang. In the search for increased capital to fund new technology, and the role of market makers, London stockbrokers established links with several overseas groups previously little known in the City.

Perhaps the strangest link of all was the take-over of Arbuthnot Latham and Savory Milln by the Dow Chemical group. It seemed a peculiar marriage between a giant overseas chemical group and London financial institutions.

In fact, Dow Chemical had diversified into financial services with a separate corporation in Delaware and its 72 per cent stake in the Arbuthnot Savory Milln Holdings, with the other 28 per cent held by Nordbanken Stockholm, was viewed as a means of expanding the financial side of the group. However, the chemical company has now changed its mind and agreed to sell its stake to Royal Trust of Canada.

Coinciding with the change of ownership is the appointment as executive chairman of Arbuthnot's fund management services of Adrian Collins, the 32-year-old investment manager who spent 11 years with the Gartmore group before leaving just over a year ago after a policy disagreement with John Gunn.

He formed his own financial consultancy business but has now decided that it was not the right job for him.

"I'm obviously not consultant material," he admits. "I found myself wanting to manage as well." So he is glad to be joining Arbuthnots just at a time when the group is in the process of changing masters. To Collins the change of ownership will provide him with a chance to "stamp my own style" and prepare the group for the big changes already taking place in the private investment market.

"Investors are a lot more fickle and there's tremendous competition," he says. He

Adrian Collins

believes the unit trusts movement as a whole has so far failed to change with the times; the volume of funds has increased considerably but the number of unitholders is only just above what it was in 1972 and the charging and marketing structure are virtually the same.

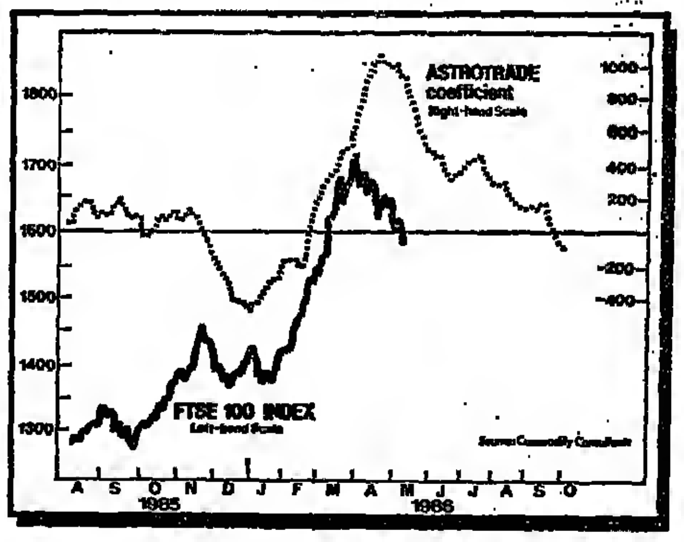
Royal Trust, a leading fund management group in Canada, offering gold cards with a discount and on-the-spot mortgages, is seen as the ideal partner to back up Arbuthnot's more aggressive stance in UK and Europe.

Mr Collins is cautious on exactly what he plans to do at this stage. He merely says that Europe, and the harmonisation of unit trusts within the Community, offers great opportunities as the next big market, with 40 years of peace allowing more accumulation of wealth.

He will look hard at expanding the products offered by the group promising, for example, that there will be a "better" version of the Capital Strategy fund he helped launch for Gartmore.

Arbuthnot, which already manages £200m worth of funds, including 11 unit trusts, is determined to enlarge its market share of private client business, in particular competing strongly with other groups, and stockbrokers, going for similar targets.

John Edwards



Planetary influences

Your fortune in the stars

THE TRENDS of the market could be determined not by investors, but by the stars. Daniel Pallant of Commodity Consultants describes a thorough and thought-provoking exercise in matching the movements of markets to the planets.

TO THE SCEPTICAL western mind the idea that astrology might have some bearing on the movements of the financial markets might appear absurd. But many powerful financial decision - makers in other countries use the services of astrologers to assist them in their trading strategies. It might surprise analysts of the oil market, for instance, to know that Sheik Yamani is a keen astrologer.

With the aid of a computer we have undertaken a long and painstaking analysis of possible planetary effects on markets, with some surprising results. We have discovered strong correlations between market movements and certain solar, lunar and planetary relationships which can be used to forecast market trends. The most striking discoveries were the persistence of these effects over very long periods, and their apparent contradiction of traditional ideas.

The computer analyses daily market data over many years and establishes a profile of bullishness and bearishness. It then generates planetary data for the close of business on each working day into the future, and compares each one with the standard profile of that market, giving a daily score for bullishness or bearishness which can be plotted as a graph. Trends in these coefficients predict market direction.

The first market studied was copper, and we have successfully predicted its direction for two years. We recently completed our work on the FT Index, using data from its beginning in July 1935. It is apparent that the planetary events that affected the 30 share index are also relevant for the more modern FTSE 100 Index.

The chart shows two graphs. One plots the daily range of the FTSE 100 Index from August 5 1985 until May 15 this year. The other represents the running total of the "Astrotrade" coefficients until October 1986.

The graphs suggest that we are now in a bear market, which will be punctuated by rallies, until October at least. The rallies shown on the coefficient graph are from June 9 to 16, from June 27 to July 23, from August 4 to 18, and from September 1 to 22. Thereafter there is a sharp drop. The general direction is downwards, in contradiction to the view of most economists that we are in a long bull market which has not topped out yet.

The coefficient graph is a running total of the daily figures, and as such does not show the extremes of daily movement. It is presented in this way to indicate medium-term trends clearly, but we also produce a short-term indicator for day-to-day use. This shows that the greatest downward movements will occur during May, June and the last week of July.

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Financial Times Saturday May 24 1986

Canny Scots seek advice

SCOTLAND is hardly the seed-bed for popular capitalism at present. High unemployment, traditional industries in decline and the recent Labour gains in regional council elections confirm the unpopularity of the Tories and their policies North of the Border.

Even so, 6,000 people filed through the three-day Scottish Money Show which ended last Saturday at the Scottish Exhibition and Conference Centre in Glasgow. Private investors queued with queries at the stockbroker stalls and a 15-year-old from Giffnock beat the Glasgow Stock Exchange's computer to make a killing on a day's simulated trading.

While a large proportion of inquiries came from men and women approaching retirement and wanting to improve the efficiency of their investment, there was also the occasional worker wanting to make the best of redundancy money.

The Glasgow Show highlighted two problems facing the financial community as deregulation approaches. First, where does the small investor get truly objective advice and who can really explain the likely impact of the "big bang" to someone possibly just venturing into share-ownership.

David Henderson of Glasgow stockbrokers, Penny East, had many queries about the big bang. "We had to tell them we just do not know what will happen," he said. This did not prevent people crowding to his stand to ask about buying and selling shares.

James Hardie of Campbell Neill, another Glasgow broker, saw the benefit in making the stockbroker more accessible to the man in the street. "It has helped shed the traditional image of pin-striped suits," he said.

The second problem is also to do with advice and stems from the number of middlemen-cum advisers working on commission for services they sell, and the pressure from conglomerates to market an array of in-house services not all of which may be of the same quality.

Mary Marsh, a co-owner of *Save and Invest*, Scotland's first high street financial services shop, defended commission-driven business. She does not charge clients for drawing up an eight-page survey of their personal finance but will win commissions from an insurance company if a bond plan she recommends is sold.

She explains the commission system to her clients. "I know if I put them on to poor investment or if they know that they can get a better deal with another company that I will lose the client," she adds.

Mark Meredith

Lower interest

HOME BUYERS' loss this week has been building society investors' gain. The cut in bank base rates came minutes too late for home buyers to benefit from a further cut in mortgage rates. The last of the major societies had disclosed their final decision on mortgage and investment rates just before National Westminster Bank led the banks in bringing bank base rates down on Thursday to 10 per cent. The societies confirmed a mortgage rate of 11 per cent for existing borrowers from June 1—new borrowers are already paying this lower rate. Investment rates came down by three quarters of a percentage point.

Had the societies deferred their final decision it is almost certain that mortgage rates would have been set at a lower *rate of 10.75 per cent*. But the major societies now say that bank base rates will now have to come *down* to single figures —which may not be too far away—before they reduce mortgage rates below the 11 per cent level.

But had they cut mortgage rates further investors would have suffered as societies would also have had to shave investment rates.

The drop in base rates has, however, led to a cut in the returns offered by the clearers on their high interest accounts. Of those which have already announced new savings rates, the Midland has cut the return on its high interest cheque book account to 6.66 per cent net CAR on balances of between £2,000 and £10,000 and 7.19 per cent net CAR on larger balances. Lloyds Bank has cut its flat rate to 7.4 per cent net CAR on all balances of £2,500 and over on its equivalent account. Returns on its two tier extra interest deposit account have similarly been cut to 7.23 per cent net CAR on balances *of between £1,000* and £10,000 and to 7.76 per cent net CAR on larger balances.

By comparison, after the June 1 cut, building society accounts will compare favourably. For instance, on its high interest Prime Account the Woolwich will pay 7.25 per cent net on balances of between £500 and £4,999, 7.50 per cent in the next tier to £10,000 and 7.89 per cent on larger balances. It will pay a higher rate of 7.95 per cent net CAR on its 90 days notice Capital account.

However, National Savings rates, which have *still* not been changed from their September level, now look even more attractive.

Ahead of the base rate cut, Barclays announced that it was following the Lloyds Bank lead in cutting the interest rate on its personal loans. Following the base rate cut Midland also cut its personal loan rates.

Margaret Hughes

Fund Managers

Bet on the managers

IN HORSE racing, it is known as the "Lester Piggott rule": *back the jockey, not the horse*. If you have ever felt that picking the right unit trust bears more *resemblance* to a flutter on the Derby than to a solid investment, you might apply the *same rule in the unit trust area*.

Investing in fund management companies, rather than in the funds *they manage*, would in fact have done you very well. The number of fund management companies with shares quoted on the Stock Exchange is still small, but over the past 18 months *they have fared very* well. Only one company, Aitken Hume, has underperformed the FT All *Share* index over that period.

Stockbrokers Rowe & Pitman, Mullens, in a report on the *fund* management sector, says the ratio of the companies' share prices to their earnings *per share—the p/e ratio*—has risen by 60 per cent over the past 18 months.

After a year in which the unit trust industry saw the funds it manages grow by £5bn to *£20.3bn*. Rowe & *Pitman* sees further growth in the future.

The independently quoted *fund management companies* should do well out of the continued expansion of the unit *trust industry, well if the Stock* Market continues to rise, and well if the fund management *division of stockbrokers or* banks are seen to suffer from conflicts of interest after the Big Bang.

However, John Chester, Rowe & Pitman's analyst, points out that they can also make profits *even if things would seem to be* going against them. Britannia, for example, suffered an out*flow of money from its* unit trusts last year, especially as a result of the one-off redemption *of the Trident funds. It* was able to turn this to advantage by making profits on dealing in its *own* units. *Rowe & Pitman* estimates that these dealings accounted for 43 per cent of Britannia's unit trust revenues in 1985, compared with 39 per cent from annual management *fees and 18 per cent from initial* charges.

Other groups such as Framlington and M & G, however, drew only 12 per cent and 10 per cent of their revenues respectively from the *relatively* insecure source of dealing profits. M & G is estimated to have got two-thirds of its revenues from the annual management fees on its £2bn of unit trust funds, while Framlington, which sells less through intermediaries than other groups, *keeps a* larger proportion of its initial charges.

Overall, Rowe & Pitman rates the fund management as promising for investors, and sends out definite buy signals on three of the seven established quoted UK groups. It also rates Templeton, Galbraith & Hansberger, the US investment house which came to the London stock market in February, as a share to buy, despite its lukewarm reception and the fact that its share price has now fallen below its initial offer price.

George Graham

Insurance brokers go for home computer market

PERSONAL COMPUTERS may not yet be standard *fittings* in every house, but the day may not be far off when every home has its Amstrad, Commodore or Spectrum and personal computers become as common as television sets.

Increasingly, house contents policies are including accidental damage and *loss* by theft to apply to personal computers as standard cover, in a similar manner to television sets.

However, specialist insurance brokers, Graham Brown and Co (Guildford) consider that many householders, particularly those who use *their* computer a lot, want complete cover for their machine, including insurance against the cost of repairs or replacement after a breakdown.

The company has designed a group insurance policy, underwritten by Cornhill Insurance, to provide such comprehensive insurance covering both the hardware and/or the software.

Personal computers are a favourite target for thieves, so premiums are graded according to *area*. However, *the* underwriters have chosen just three rating areas to cover the UK.

A computer valued at £500 costs just £16.50 a year to insure under this *policy* if the owner lives outside London or the major cities. That goes up to £24.75 if the owner lives in the Birmingham or Leeds areas. Greater London and certain other major cities are *not* surprisingly the highest rated area, reflecting the very high theft risk. Here the underwriters prefer to make individual quotations.

Premiums for a standard £250 cover for software are £5 and £7.50 in the two rating areas with, again, special quotations for the highest rated area.

Mrs Gill van Zyl of Graham Brown emphasises that this scheme is for personal computers used in the home for pleasure or domestic purposes, such as personal tax and accounts, with the cover extended when the computer is temporarily elsewhere, including transit. It is not designed for business users, for which the company has a separate policy.

Eric Short

Commercial Papers

New market for big boys only

IN SOME quarters, commercial paper may be what is used to wrap oily machinery. But the *commercial paper market that* got going in the City this week is rather different.

Hailed by some as the most important new financial market to start in the UK since the USM five years ago, it is probably also the most novel: only the US, which invented commercial paper, has a market of any size and that now totals *nearly $300bn*.

The private investor is unlikely ever to invest in commercial paper (CP) directly. It is not traded on an exchange like stocks and shares, and the *minimum denomination* is a hefty £500,000. But as the market develops, he will probably come into indirect contact with CP through his pension fund or unit trust.

CP is novel because it connects borrowers and lenders of *money directly without a bank* or underwriter standing in between. A big company needing cash can go *directly* to another company which has some to spare, and obtain the money by selling its commercial paper. This paper is no more than an unsecured IOU with which the borrower promises to repay the money after so many days or weeks. (Commercial paper has to be for less than a year under Bank of England *rules*, but maturities will usually be only for a month or two.)

Typical buyers of commercial paper will be big companies with cash surpluses and institutions like insurance companies and pension funds needing a place to park short-term cash —for example, between Stock Exchange settlement dates.

The point about CP is that it is unsecured, so if the borrower goes bust the lender *stands* to lose all. This is why the Bank of England has laid down rules which restrict the *market* to large, well-known public companies whose financial standing is familiar to the investment community. The first two UK borrowers this week were Hawley, the cleaning and maintenance services group, and Redland, the building materials company.

Apart from a spectacular case early in the 1970s when the Penn Central railroad company failed in the US with more than $100m out in the CP market, the *record of loss on American* commercial paper has been very small. All but the very best borrowers have to have a bank guarantee behind their paper, and a good rating from the credit agencies. It is likely that similar standards will be set for CP issues in the UK.

The attraction for borrowers is that commercial paper finance *should be quite flexible* and cheap because it bypasses the usual intermediaries. For the lender, it is an alternative to placing short-term money in a bank: the rates are about the same but the maturities vary.

It appeared that pension funds were among the first buyers of CP this week. Unit trusts will not be able to invest in CP until they have had the go-ahead from the Department of Trade and Industry, which *is responsible for ensuring that* unit trusts make "appropriate" investments. Since the government is committed under new financial services legislation to broaden the scope for unit trust investments, this go-ahead is likely.

However, fund managers are watching the market with interest, especially to see how active a secondary market builds up in CP. This would enable them to value *their* CP holdings day-by-day, and sell out if the need arose. In the US, most investors hold on to *their* CP, so secondary trading is small.

Some people believe CP will help the investor in another way —by boosting the stock market generally. This is because CP will to some extent replace bank lending — and, therefore, reduce the figures that make up the money supply. And if money supply growth is reined in, the Chancellor could find it easier to bring down interest rates.

The CP market would have *to reach enormous proportions* to make this kind of impact, and at this stage no one is too *sure how successful it will be*. That these are early days was evident this week when one City person asked if commercial paper was a new form of industrial packaging.

David Lascelles

Home Loans

Fixed-rate offer

HOUSE - BUYERS wanting mortgages of £50,000-plus will be offered *three and* five year fixed-rate home loans under a scheme to be launched by Adam & Co, the Edinburgh-based private bank, on June 1.

Interest on the loans is based on the *London Interbank* Offered Rate (Libor) plus 1 per cent. At present, this means the five year rate would *be around* 10.5 per cent and the three year rate slightly higher at 10.625.

The bank is prepared to accept *existing* endowment policies as security, so helping to reduce the borrower's costs. It says it has set *aside* £2m for the scheme.

Adam & Co is also cutting the interest rate for *traditional* floating home loan mortgages to 11 per cent from June 1. The bank concentrates on larger mortgages and generally restricts its lending to 70 per cent of a property's value.

Executive director Ian Dalziel believes the fixed rate mortgage will appeal to borrowers with quite large commitments who want at least some of their outgoings to be at a constant figure. After *three or five years*, the borrower either returns to the floating rate or possibly negotiates a new fixed-rate loan.

The bank, which has an office *in London*, pays interest on current accounts and the rate has now been set at 7.3 per cent net for balances of more than £5,000—equivalent to 10.1 per cent for standard-rate taxpayers.

John Edwards

A case of US and them

A private investor, Kevin Goldstein-Jackson, recounts the problems he encountered when trying to deal through a giant multi-national brokerage group

YOU WOULD think in these days of modern telecommunications and techniques that it should be easy even for private investors to deal in overseas stocks. Especially through the multi-national groups that are supposed to be going to show stuffy old UK brokers a thing or two after the Big Bang. But judging by my experience, that may not necessarily be so.

Last October I visited the stand of a major US stockbroker at the Monex exhibition at Olympia and expressed an interest in using their services.

Shortly afterwards I was telephoned at home by a "financial consultant." I told her that what I wanted was to buy some shares in US companies and have them registered in my name at my UK address so that I would then receive the company reports, take-over circulars etc.

"Have you any companies in mind that we can send you our research on?" the consultant asked.

"Yes. MCA." I replied.

"MCA? That's not one of the stocks we follow."

"But it's one of the major entertainment corporations in America!"

I could now hear the sound of a frantic pushing of buttons and shuffling of papers. Then the voice said: "Oh, yes. MCA. We do follow that. Shall I send you the research?"

I said "yes, please" and soon afterwards received the research on MCA which was a computerised print-out of 20 lines and didn't tell me anything I hadn't already easily discovered.

When the financial consultant called a few days later I said that I was not going to buy any US shares until I saw which way the dollar-pound exchange rate was going, as I believed the dollar would fall again against the pound.

About every two or three weeks after that, the financial consultant would telephone and ask me if I was interested in any shares. I mentioned, at one time, Taft—which produced the response: "Not heard of that before, and we follow 1,500 stocks."

When I mentioned that Taft was another major US entertainment corporation there was another bout of button pressing and paper shuffling noises, conveying the impression of a lot of financial consultants sitting in a large office and tied into small cubicles each facing a computer screen—rathar like battery chickens—and not being allowed out into the "real" world.

Taft was eventually found, with an astonished cry of: "And it's even a stock we recommend."

At that time I did not have any surplus funds so I again "held off" from investing.

A few months later I thought it was time to take the plunge. I decided to buy some shares that they had now heard of—like MCA and Taft.

"Oh," said the financial consultant. Rather like a battery chicken, I suppose she had become conditioned to expect the same response every time she telephoned me: no deals. "What do you want to buy?"

I told her.

"You'll have to complete our questionaire," she said.

"What for?" I asked.

"So we can see if we can deal for you."

"But I want to buy the shares now."

"That's not possible. Lots of people telephone us and ask us to buy shares and they might not have the money."

"But I haven't been telephoning you!" I protested. "You've been telephoning me every few weeks since October asking me to invest. If you wanted me to fill in a questionaire, why didn't you send it ages ago?"

"Because you didn't want to buy anything then."

"I'll telephone my bank manager," I said, "and get him to telephone or telex you and confirm I'm good for the money."

"I don't know. I'll talk to my supervisor and I'll telephone you back."

Five minutes later she phoned back and said: "If you can send us a personal cheque in dollars we will buy the shares for you when the cheque is cleared."

I replied: "Why not tell me your firm's British bank account number now and I'll get my bank to immediately transfer the money into your account?"

"I don't know. I'll talk to my supervisor."

Five minutes later she telephoned back: "I've spoken to my supervisor. We don't have a UK bank account so the best thing is if you send a bank draft in dollars to" and here she dictated at rapid speed—far too fast to write down—the name and address of a bank in New York.

"That's ridiculous!" I said. "Forget the whole thing—I'll deal with another firm. Sending a bank draft will take days and I'll have to pay bank charges and so on. I don't believe you don't have a UK bank account. Surely your salary cheques aren't drawn on a bank in the US; your office rates bill paid with US cheques?"

"Now, don't be like that," she soothed. "It's not that we don't trust you we do. I'll talk to my supervisor and come back to you."

A short while later she phoned back—presumably after talking to the head cockerel at the battery chicken farm—and said: "If you send us a personal cheque in pounds as soon as I get the cheque I'll buy the shares for you—I won't wait for clearance of the cheque. But if the cheque isn't cleared we'll have to sell the shares and close the account."

"How can you sell the shares if they're registered in my name?" I asked.

"Don't you want them held by us in New York? Ninety-nine per cent of our clients do."

"No thank you. I've already said many times I want the shares registered in my name at my UK address."

"Oh, well, I suppose it'll be all right. I'll put one questionnaire in the post tonight if you can send it back completed as soon as possible."

I reluctantly agreed to this procedure and sent off my cheque. The questionnaire arrived—a very badly photocopied and almost unreadable one-page document which included — to me at least — the incomprehensibly worded question: "Is customer of age in state of residence?" Did this mean: "How long have you lived at your current address?" or "How long have you owned a house?" or even "Are you over 18 and living in a building?"

If this US broker is the result of a "Big Bang" then I sincerely hope Britain's "Big Bang" produces different results.

European Investment

Time to explore Continent

EUROPEAN MARKETS were discovered with a vengeance by the unit trust industry last year and some startling performances have encouraged a steady stream of new funds.

However, London stockbrokers, Laing & Cruickshank, suggest that a better way for you to go into Europe is via specialist European investment trusts. In a review just issued by their research department, the brokers say that a European element should be included in any investment portfolio, whether institutional or private. But they argue that a better way of achieving this is by buying the shares of specialist European investment trusts at discounts to their net values, instead of using unit trusts where the cost price can be as much as 6 per cent above their net asset value.

Laing & Cruickshank stress that the shares of specialist European investment trusts are ideal for both institutional and private investors; they strongly recommend them for short and medium term appreciation, while conceding that because the trusts are relatively small, marketability can be difficult.

Looking at prospects for the various countries the review is not quite so bullish:

- Belgium—"we are hopeful but not excited for 1986."
- Denmark—"more attractive background for equity investment."
- France—positive for the stockmarket, but less so for the currency.
- Germany—"the combination (of currency and stockmarket prospects) seems unbeatable."
- Italy—stockmarket outlook promising but not guaranteed, currency likely to remain under pressure.
- Netherlands—"performance likely to be positive and sound, rather than scintillating."
- Sweden—encouraging for stockmarket and the Krone.
- Switzerland—very difficult to find individual stocks of good value, prefer the banking sector.

Not surprisingly the managers of the eight investment trusts included in the review all predicted that the European markets would increase in global importance during this decade. Evidently unit trust groups agree. Save and Prosper reported this week that it had accumulated a European money mountain with over £21m invested during the three week launch period for its European Income and Growth Fund.

TSB did nearly as well attracting £17m for its European Unit Trust, with most of the 18,000 applications coming from private investors.

General Accident meanwhile announced it is extending its range of unit-linked funds with the launch of a European fund on May 30. But it is taking a cautious approach. Initially 60 per cent of the fund will be invested in equities, principally in France. However, the remaining 40 per cent will be invested in European currency unit bonds to provide protection against currency fluctuations and take advantage of the high returns available in European fixed-interest stocks.

John Edwards

Far Eastern fund for adventurous

A NEW Far Eastern growth fund has been launched by Schroders. Described by the managers as a fund "only for the adventurous" the emphasis will be on achieving "exceptional" growth by taking a "fairly high risk" profile. As such it is not designed for the smaller investor and, as the managers point out, should assume no more than a limited proportion of a well-balanced portfolio.

The fund will follow a highly active investment policy with a rapid turnover of stocks on large and small stockmarkets of Asia and Australasia including, in due course, those Asian stockmarkets not open to outside investors. Ian Sampson, managing director of Schroder Unit Trust Managers, cites South Korea as an example.

Investing in equities, convertibles and warrants of quoted companies, the emphasis will be on takeovers, recovery and growth stocks, smaller companies and new issues. Investment advice will be provided by Schroders Asia, a Hong Kong merchant bank set up in 1971. Minimum initial investment is £500.

Meanwhile Henderson Unit Trust Management has launched a Japan Fund, its first unit linked investment bond fund dealing exclusively in a single stockmarket of the Far East. The new fund will invest in Henderson's Japan Trust and its Japan Special Situations Trust. Minimum investment is £1,000.

A yen for consumerism

SPOTTED a party of snappily dressed Japanese down your local supermarket lately? Chances are they're not restocking their larders, just picking up a few hints about retailing to take back home.

It is another sign that the Japanese, under pressure from the Americans and their own electorate, are finally taking steps to spruce up their domestic economy, encourage consumerism and relax their dependency on exports.

"A fundamental social and economic change is taking place in this once conservative country," according to John Bolsover of Barings, which this month launched a New Generation fund to capitalise on the new developments. It is a trend that has given unit trust punters with money in the region a good deal to cheer about in recent months.

After spending much of 1985 unaccustomedly in the doldrums, Japanese funds have sprung back into prominence since Christmas. They are up an average 27.6 per cent so far this year, according to the latest Money Managements results—comfortably ahead of 1985's stars, the European trusts, which produced an 18 per cent return in the same period. As Paul Laband, investment chief at Abbey, points out: "Even two months ago no one spoke about Japan. Now it's almost everyone's favourite sector."

The reasons for the turnaround are not hard to find. First, Japan was singled out as one of the main beneficiaries of the near-halving in the price of oil since January. Sixty per cent of her imports are accounted for by oil—a figure rivalled only by Brazil—and international investors have been quick to register the windfall effect of lower energy bills.

They flooded back to Tokyo in the first quarter, pumping a massive £900m into Japanese stocks in March alone. "There was a sense of panic after watching Japan go sideways for six months that everyone was about to lose on the upswing," said MIM's Stephen Barber.

At the same time interest rates, after being hiked up in October to boost the yen, have been spiralling downwards. The official discount rate, which was stuck at 5 per cent for more than two years, has been cut three times already this year and now stands at 3½ per cent. Many observers anticipate a further reduction in the coming weeks.

As well as lowering the borrowing costs of Japanese industry, which is traditionally highly geared, cheaper money has also forced home-grown institutions and private investors out of deposits and Treasury bonds (yielding a post-war low of under 5 per cent) into equities. The result is a near 30 per cent leap in the Tokyo NSE Index in just five months.

Overseas investors have also reaped the rewards of a steady appreciation in the yen. It zoomed up against the dollar in the wake of last September's Group of Five meeting, as part of a concerted effort to defuse trade friction with the US—and it has also improved about 25 per cent against the pound. Many fund managers reckon it has further to go yet.

Thanks to the persistent two-tier nature of the Tokyo market, however, not every trust has excelled itself. Those with heavy weightings among the hi-tech exporters, still seen by some as the "natural" home for foreign investors, have been hit hard both by the depressed technology market and by the soaraway yen. Some of the larger, less flexible trusts have been particularly held back—examples include the £100m-plus Abbey and Fidelity funds.

On the other hand, anyone concentrating on domestic-oriented industries has fared much better. Among the success stories here are Schroder Japanese Smaller Companies, MIM Japan Performance and Gartmore Japan. The rise of protectionist sentiment in the US has forced the Japanese to consider, for the first time, stimulating their domestic economy to correct the massive trade imbalance. "They have played the export game," commented one fund manager, "but now realise they have to switch the nature of demand. It's a turning point in the structure of their economy."

Domestic stocks have been boosted by a fall in their import costs, lower interest charges and growing speculation that the Government, with Parliamentary elections looming, is about to resort to fiscal and other measures to reflate the economy. A second year of flattish GNP growth is not considered a vote winner in Japan.

Construction and real estate shares greeted last month's package of public expenditura rescheduling and land use deregulation with euphoria, and there are hopes of more goodies in the pipeline. There are signs, too, of a pick-up in consumer spending on the back of cheaper fuel and an inflation rate expected to approach zero in the next year.

Most fund managers, then, see further room for improvement—if at a less spectacular rate—in the rest of 1986, despite the big jump by domestic stocks already this year and their sky-high (by international standards) ratings. The prospect of more currency gains is thrown in for free.

"The market may not look cheap and there may be short-term volatility, but domestic companies should see extremely good increases again this year," says Sarah Arkle, manager of Allied Dunbar's £140m Japan trust. Liquidity among local institutions, she points out, has never been so high.

The big problem, and one that beset UK trusts last year, is keeping pace with the frantic "rotational" buying of the stock market by Japanese investors. Individual sectors, promoted by certain brokers, have been known to soar up the league one month, only to crash back down again the next.

A few trusts are now even giving hi-tech blue chips a longer look, on the grounds that what goes down must come up. They are taking heart from a stronger showing by electricals in April, signs of an end to recession in the semiconductor market and the relatively low ratings accorded hi-tech shares. The flood of institutional money, so the theory goes, will sooner or later have to find its way into these big and highly marketable stocks.

MIM Japan Performance, for instance, has lifted its blue chip exposure to 20 per cent and Allied Japan is back "in balance" with its domestic holdings. Both are looking for further weakness in the electricals sector, perhaps sparked by another leap in the yen, before picking up more such stocks.

The message for investors is pick your fund with care. Decide which industries have the best prospects, study the portfolios and place your bets accordingly. But there's little sense in delaying — the good times in both share and currency markets can't last forever.

Martin Winn

JAPANESE UNIT TRUSTS

WINNERS OVER FIVE YEARS		WINNERS OVER ONE YEAR	
Gartmore Japan	+257%	Schroder Japanese Small Companies	+91%
Henderson Japan	+251%	Sun Life Japan Growth	+88%
M&G Japan	+239%	MIM Japan Performance	+83%
EFM Tokyo	+234%	Baring Japan Special	+75%
Midland Bank Japan & Pacific	+233%	Gartmore Japan	+74%

Offer to bid, net income reinvested. Figures to May 1.

Source: Money Management.

School Fees

Learning sums

IT NOW costs parents £4,600 a year on average to keep their sons at a boarding school, although the cost can be as high as £6,600. It is somewhat cheaper for day boys—around £2,600, with a top price of £4,500. Girls cost less—£4,000 a year on average if they board and £2,100 if they are day pupils.

Yet, despite these costs of private education — which, according to the current annual census* from the Independent Schools Information Service (ISIS) rose by 9 per cent last year—there is no slackening in demand by parents except (not surprisingly) for boarding their sons.

Parents meet these high costs by a variety of means, according to the latest survey** by C. Howard and Partners, the school fee specialists. One major way is through the mother working; in 90 per cent of families surveyed her earnings were used solely cover school fees. In one family out of four, the husband supplemented the family income with a second job.

However, increasing income might not be enough so many families make sacrifices by reducing spending, mainly by cutting down on leisure activities such as holidays and entertainment, using a cheaper car, and foregoing home improvements.

Many families are prepared to use capital resources to help meet the fees bill; one in five was selling its possessions while one in 10 was moving to a cheaper house to unlock assets.

However, the most important source of financial help comes from other members of the family. Help from this source has risen steadily over the years and two families in five now receive outside help, 75 per cent of it from grandparents. It includes both annual payments — now averaging £1,725 a year — and lump sum gifts averaging £12,000.

The ISIS survey shows that schools themselves are doing more to help through bursaries and scholarships but the ISIS also warns that fees can be expected to rise faster than inflation. Schools are spending much more on improving buildings and facilities and a teachers' pay claim is in the pipeline.

The Howard survey showed that parents educating their children privately were not necessarily high earners. Average income of the fathers surveyed was £23,494, with £6,542 extra coming from the mother. But in 42 per cent of families, the father was earning between £10,000 and £20,000.

*Annual Census 1986 from ISIS, 56 Buckingham Gate, London SW1E 6AG price £1.50.

**School Fees Research from C. Howard and Partners, Mitre House, 177 Regent Street, London W1.

Eric Short

The Investment Trust Table

The figures in the columns below are based on information supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures are unaudited.

Total Net Assets (1) £million	INVESTMENT POLICY Trust (2)	Management (3)	Share Price (4) pence	Yield (5) %	Net Asset Value (6) pence	UK (7) %	Nth. Amer. (8) %	Japan (9) %	Other (10) %	Gearing Factor (11) base=100	Total Return on N.A.V. over 5 years to 30.4.86 (12) base=100
	as at close of business on Monday 19th May 1986					as at 30th April 1986 — Geographical Spread					
	CAPITAL & INCOME GROWTH										
496	Alliance Trust	Independently managed	733	4.0	976	39	47	9	5	90	293
123	Bankers	Touche, Remnant	116	3.4	146	41	33	13	13	102	315
356	British Investment	Independently managed	423	5.1	563	53	26	20	1	89	263
92	Brunner	Kleinwort Benson	95	3.3	127	54	31	3	12	101	276
150	Continental & Industrial	Schroder Inv. Man.	760	3.9	870	62	29	3	6	98	269
599	Edinburgh Investment (w)	Dunedin Fund Managers	140	3.4	185	56	20	9	15	107	291
765	Foreign and Colonial	Foreign & Colonial	65	2.5	116	37	27	18	18	107	282
596	Globe	Electra House Group	337	4.3	465	66	23	8	3	101	273
337	Govett Strategic	John Govett	219	2.3	296	49	11	13	27	119	280
318	Philip Hill	Philip Hill	276	5.0	327	78	20	–	2	86	232
11	Jos Holdings	Kleinwort Benson	161	3.3	177	90	10	1	9	95	292
50	Keystone	Mercury Warburg Inv. Man.	500	3.1	635	55	23	10	12	109	325
105	Kleinworth Charter	Kleinwort Benson	92	3.6	128	64	20	9	7	98	279
41•	London & Strathclyde	Gartmore	176	2.3	214	62	30	5	3	99	240
54	Meldrum	Gartmore	223	3.5	266	91	5	4	–	94	312
113	Outwich	Baring Brothers	164	3.0	224	60	14	17	9	99	268
133	Raeburn	Lazard Brothers	393	3.8	485	56	28	10	6	97	250
97	River and Mercantile	River & Merc. Inv. Man.	162	5.3	197	55	36	2	7	93	276
51	River Plate & General (w) △	Tarbutt & Co.	248	4.9	300	75	14	–	11	99	233
47	S. & P. Ret. of Assets (w) △	Save & Prosper Group	124	3.6	181	83	17	–	–	140	†
501	Scottish Mortgage	Baillie Gifford	485	2.5	663	39	22	22	17	106	335
238	Scottish National	Gartmore (Scotland)	288	3.4	351	52	29	13	6	104	260
164	Second Alliance	Independently managed	638	3.9	846	40	47	9	4	94	294
581	TR Industrial & General	Touche, Remnant	188	2.9	255	51	24	18	7	96	256
497	Witan (w)	Henderson	196	2.2	260	57	22	12	9	107	305
	United Kingdom										
13	City of Oxford	Hambros Bank	276	4.1	314	99	1	–	–	97	273
42	Fleming Claverhouse	Robert Fleming	172	4.2	211	100	–	–	–	99	297
60	Shires (w)	Stanecastle Assets	215	8.7	211	76□	14	2	8	75	195
140	TR City of London	Touche, Remnant	111	5.0	136	90	10	–	–	101	307
112	Temple Bar	Guinness Mahon Inv. Man.	150	5.0	194	99	1	–	–	92	309
	CAPITAL GROWTH										
	General										
261	Anglo-American Securities	Morgan Grenfell	350	2.5	453	47	31	13	4	104	†
64	Ashdown	Schroder Inv. Man.	182	2.4	193	59	20	12	9	97	246
179	Atlantic Assets	Ivory & Sime	100	0.8	144	21	76	–	3	99	220
85	Electric & General	Henderson	355	1.6	467	52	28	11	9	99	304
33	Greenfriar (w)	Henderson	322	0.8	356	63	13	7	17	104	370
	International										
107	Barry	GT Management	237	0.6	282	54	18	14	14	116	278
96	English & Scottish	Gartmore	92	2.2*	115	45	19	12	24	101	274
28	F & C Eurotrust	Foreign & Colonial	240	1.1	224	3	–	–	97	115	402
245	Fleming Overseas	Robert Fleming	136	2.9	184	6	53	16	25	98	267
111	Fleming Universal	Robert Fleming	388	2.2	505	10	55	13	22	94	261
67	Gartmore Inform. & Fin. (w)	Gartmore	54	2.9	70	65	35	–	–	115	211
27	Group Investors (w)	C S Investments	248	2.8	321	47	48	2	3	94	292
154	Hambros (w)	Hambros Bank	183	3.4	245	52	35	6	7	108	231
127	Kleinwort Overseas	Kleinwort Benson	122	2.9	157	8	42	18	32	101	268
20	London & Gartmore	Gartmore	300	0.8	379	25	26	–	49	97	258
11	Mid Wynd International	Baillie, Gifford	162	2.0	209	20	34	17	29	97	†
199	Monks	Baillie, Gifford	189	1.8	255	28	22	29	21	97	278
104	Murray Smaller Markets	Murray Johnstone	290	0.9*	329	16	4	17	63	101	327
12	Nordic △	GT Management	56	–	67	13□	–	–	87	114	†
78	North Atlantic Securities △	Morgan Grenfell	318	1.5	401	1	50	43	6	97	†
170	Northern American	Dunedin Fund Managers	342	2.3	464	19	31	22	28	105	276
35	Northern Securities	GT Management	205	1.5	265	59	19	8	14	121	245
116	Romney	Lazard Brothers	320	2.2	392	19	40	21	20	97	259
318	Scottish Eastern	Martin Currie Inv. Man.	106	2.7	143	51	18	17	14	111	277
407	Scottish Investment Trust	Independently managed	358	2.4	434	37	32	16	15	99	256
87	Trans-Oceanic	Schroder Inv. Man.	191	2.9	239	43	32	15	10	94	238
90	Tribune	Baring Brothers	128	3.1	176	45	22	17	16	91	286
250	U.S. Debenture Corp.	GT Management	250	3.7	319	56	20	13	9	105	257
	North America										
146	American	Edinburgh Fund Mgrs.	181	3.4*	172	25	75	–	–	99	216
152	Edinburgh Amer. Assets	Ivory & Sime	100	0.9	144	19	68	2	11	103	241
136	Fleming American	Robert Fleming	528	1.6	644	2	98	–	–	100	222
35	Gartmore American Secs.	Gartmore	128	1.3	170	19	73	4	4	113	288
155	Govett Atlantic	John Govett	131	3.1	174	19	80	–	1	100	190
75	TR North America	Touche, Remnant	91	2.9	116	9	91	–	–	93	231
	Far East										
38	Drayton Far Eastern (w)	MIM	182	0.9	205	1	–	71	28	107	246
151	F & C Pacific (w)	Foreign & Colonial	183	1.2	240	6	22	49	23	110	250
242	Fleming Far Eastern	Robert Fleming	112	1.3	150	1	–	82	17	99	310
244	Govett Oriental	John Govett	180	1.8	240	12□	3	69	16	112	270
18	Martin Currie Pacific (w)	Martin Currie Inv. Man.	126	0.6	144	4	–	81	15	101	†
5	New Australia △	Edinburgh Fund Mgrs.	100	2.1	103	10□	–	–	90	87	†
11	Pacific Assets (w)	Ivory & Sime	75	1.3	88	3	–	–	97	89	†
62	Pacific Investment (w) △	Thornton & Co.	94	0.5	120	7	–	67	26	100	†
36	TR Australia (w)	Touche, Remnant	96	3.4	117	10	–	–	90	96	200
153	TR Pacific Basin (w)	Touche, Remnant	160	0.9	203	3	–	78	19	100	326
	Japan										
45	Baillie Gifford Japan (w) △	Baillie, Gifford	354	0.2	416	–	–	100	–	93	†
13	Baillie Gifford Shin Nipp. (w)	Baillie, Gifford	63	1.0	74	–	–	100	–	98	†
86	Crescent Japan	Edinburgh Fund Mgrs.	211	0.2	244	–	–	100	–	100	388
211	Drayton Japan	MIM	644	0.2	750	3□	–	96	1	102	343
132	Fleming Japanese	Robert Fleming	685	0.8	815	2	–	98	–	104	357
79	GT Japan	GT Management	171	1.2	209	4	2	92	2	120	350
58	Japan Assets (w)	Ivory & Sime	57	0.1	71	2	–	93	–	95	†
62	New Tokyo (w)	Edinburgh Fund Mgrs.	228	0.5	286	–	–	–	100	98	404
	Commodities & Energy										
5	City & Foreign	MIM	127	1.1	137	3	97	–	–	100	152
7	New Darien (w)	Hodgson Martin	58	1.5	63	34□	64	–	2	76	61
15	Precious Metals △	J. Rothschild	101	0.8	129	6□	54	–	40	93	†
85	TR Natural Resources	Touche, Remnant	204	5.3	282	41	32	–	27	86	143
22	Viking Resources	Ivory & Sime	44	6.5	55	61	39	–	–	91	†
14	Wemyss	Edinburgh Fund Mgrs.	553	5.7	636	54	30	5	11	93	152
29	Winterbottom Energy	Baillie, Gifford	98	3.4	116	18	33□	14□	35□	74	167
	Technology										
10	Baillie Gifford Tech. (w)	Baillie, Gifford	68	3.2	94	39□	59	–	2	81	†
82	Fleming Technology	Robert Fleming	153	2.1	207	40	37	21	2	99	218
99	Independent	Ivory & Sime	230	0.3	316	25	71	–	4	92	255
350	TR Technology	Touche, Remnant	107	2.4	148	43	36	17	4	99	254
	INCOME GROWTH										
367	British Assets	Ivory & Sime	58	4.7	78	49	45	–	6	106	284
150	First Scottish American	Dunedin Fund Managers	332	4.3	409	93	3	–	4	114	289
67	General Consolidated △	Philip Hill	315	5.0	355	69	27	–	4	90	274
203	Investors Capital Trust	Ivory & Sime	275	3.7	317	99	1	–	–	92	†
36	Lowland	Henderson	132	3.2	140	88	5	–	7	106	463
158	Merchants	Kleinwort Benson	112	5.5	153	65	26	3	6	97	257
153	Murray Income	Murray Johnstone	148	5.2*	176	77	11□	–	12	97	328
264	Murray International	Murray Johnstone	155	4.6*	203	42	37	11	10	91	287
157	Securities Trust of Scotland	Martin Currie Inv. Man.	158	4.5	204	59	24	11	6	102	310
	SMALLER COMPANIES										
13	Continental Assets (w)	Ivory & Sime	101	–	109	–	–	–	100□	54	†
†	Dundee & London	Dunedin Fund Managers	200	3.9	†	†	†	†	†	†	†
51	English & International (w)	MIM	146	3.4	190	59	23	15	3	108	265
76	F & C Alliance	Foreign & Colonial	104	2.4	136	46	26	15	13	105	244
15	Family	Kleinwort Benson	265	4.4	344	97	1	–	2	102	305
9	First Charlotte	Ivory & Sime	9	0.8	12	96	1	3	–	96	†
22	Fleming Fledgeling	Robert Fleming	136	2.6	174	69	29	2	–	96	272
61	Glasgow Stockholders	Gartmore (Scotland)	136	2.4	159	50	33	6	11	104	245
30	Govett Enterprise	John Govett	180	2.5	203	38	61	–	1	94	182
30	London Atlantic	Investors in Industry	193	5.0	250	73	14	–	13	94	251
21	Moorgate	Philip Hill	415	4.5	441	92	1	–	7	92	323
20	North British Canadian	Investors in Industry	234	4.2	293	93	5	–	2	107	266
60	St Andrew	Martin Currie Inv. Man.	131	3.2	174	60	22	15	3	94	291
211	Scottish American	Stewart, Ivory	293	3.2	377	46	34	9	11	97	233
40	Smaller Companies Int.	Edinburgh Fund Mgrs.	75	2.7	102	52	26	22	–	95	274
19	Strata Investments (w) △	Henderson	122	–	124	34	24	13	29	96	†
212	TR Trustees Corp.	Touche, Remnant	153	3.5	218	67	27	6	–	106	245
242	Throgmorton (w)	Throgmorton Inv. Man.	276	4.3	351	89	9	1	1	120	297
17	Throgmorton USM (w) △	Throgmorton Inv. Man.	83	–	105	100	–	–	–	123	†
	SPECIAL FEATURES										
71	Ailsa △	J. Rothschild	114	2.8	136	46	28	12	14□	95	†
14•	Consolidated Venture (w)	MIM	99	0.1	138	15□	82	2	1□	93	205
152•	Drayton Consolidated	MIM	340	4.3	436	75	19	4	2	94	204
23	Edinburgh Financial (w)	Stanecastle Assets	38	3.6	47	90□	7	–	3	136	†
235	Ensign Trust	Merchant Navy Inv. Man.	145	1.7*	157	69	22	1	8	101	†
41	Fleming Enterprise	Robert Fleming	334	3.8	407	100	–	–	–	96	304
273	Fleming Mercantile	Robert Fleming	147	3.5	183	52	32	10	6	95	242
24	GT Global Recovery △	GT Management	161	1.8	186	71	16	3	10	110	†
50•	Murray Ventures (w)	Murray Johnstone	377	1.7	442	69	12	9	10	90	271
65	Nineteen Twenty-Eight △	London & Manchester	180	3.2	226	91	8	–	1	105	226
8	Stewart Enterprise (w)	Stewart, Ivory	35	1.6	48	63	25	10	2	91	†
103	TR Property	Touche, Remnant	164	3.2	222	70	13	9	8	94	223
	SPLIT CAPITAL (x)										
25	Altifund 86/88	Gartmore	630	0.1	701	98	2	–	–	88	299
2	Child Health 87	Thornton & Co.	360	–	392	56	2	16	26	125	233
42	City & Commercial 88/93	MIM	734	–	1038	84	7	8	1	110	291
37	Dualvest 85/87	MIM	1475	–	1616	91	7	2	–	105	278
34	Fundinvest 85/90	MIM	358	–	465	80	9	10	1	107	276
2	Marine Adventure 88	Thornton & Co.	207	–	261	55	2	16	27	116	†
45z	New Throg. (1923) (w) 08	Throgmorton Inv. Man.	54	–	149	100	–	–	–	139	†
40	S. & P. Linked 95/97	Save & Prosper Group	377	–	732	100	–	–	–	114	351
23	Throg. Secured Growth –	Throgmorton Inv. Man.	350	–	451	100	–	–	–	70	263
94	Triplevest 87/91	MIM	990	–	1331	90	9	1	–	110	266

NOTES TO THE TABLE

† No data.
- Applies to Ordinary/"A" Ordinary only.
□ More than one quarter in non-equity investments.
(x) Capital shares and winding-up dates.
z Incorporates recent revaluation of unlisted investments.
sc Adjusted for scrip issue.
ar Adjusted for rights issue.
(q) Published quarterly.
(w) Company has warrants or options in issue.
• More than 20% in securities or other assets included at directors' valuation.
△ The Trust has provisions for a limited life. Please refer to the company for further information.
Ø Figures not directly comparable with previous month.

Cols 1, 4 to 6 Figures supplied by Wood Mackenzie & Co. Ltd. members of The Stock Exchange. The figures in Cols 1&6 are simulated to date shown based on latest valuation supplied by the companies and made available to The Stock Exchange.

Col. 11 The gearing factor indicates the percentage amount by which the net asset value per share would rise if the value of the equity assets increased by 100 per cent. Further explanation is given in the booklet 'More for your money.'

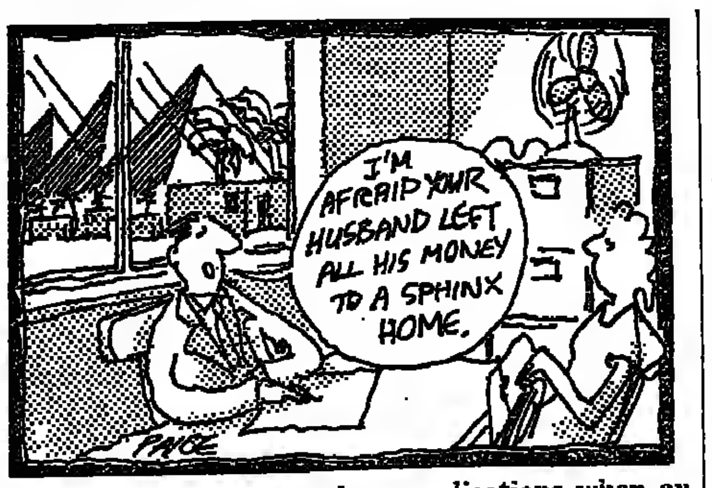
Additional explanatory notes are available on request from The Secretary, The Association of Investment Trust Companies, Park House (6th Floor), 16 Finsbury Circus, London EC2M 7JJ. Tel: 01-588 5347.

INDICES OF FIVE YEAR TOTAL RETURN

+ Investment Trust Average	267
F.T. – Actuaries All-Share	292
* Standard & Poors Composite	289
* Tokyo New Stock Exchange	414
* Morgan Stanley Cap. Int. World	320

+ Excludes split capital.
* Adjusted for exchange rate changes.

· FINANCE & THE FAMILY ·



Donald Elkin examines the complications when an expatriate leaves property abroad

Will power

EVERYBODY should have a will and expatriates are no exception. After all, some of them live and work in dangerous places and the majority travel much more than average. But the international character of their lives often adds an extra dimension of complication — a fact of which most of them are entirely unaware.

There are no problems in making a will which is valid in England, Scotland or Northern Ireland even when you are employed abroad: the law for all three countries is set out in the Wills Act 1963. This ensures the validity of a will executed in accordance with the internal law.

Generally speaking, English law requires that the law of the testator's domicile be applied to his movable estate wherever he lives while immovable property is subject to the *lex situs* (ie, the law of the country where the property is).

Since the great majority of British expatriates remain domiciled in the UK despite many years of working overseas, winding-up their British estates need be no more complicated than if they had stayed at home. But that might not be so if they have overseas assets, too, as most do, and notably if they buy houses in their host countries.

While the laws of the countries that make up the UK apply at home, they cannot, of course, be imposed on other jurisdictions who might see things quite differently. So what is the position in relation to the overseas investments, deposit accounts and offshore funds so many expatriates have?

Will the overseas countries accept the validity of the British made will and what view would their law take if (contrary to their own rules, perhaps) the whole estate was left to the widow with no direct provision for the children of the marriage (or vice-versa)?

Unfortunately, there are no general answers to these and similar questions. Expatriates have to make their own inquiries in all of the countries in which they have assets. Typically, overseas territories will accept the validity of a will duly made in English, Scottish or Northern Irish form by a domiciliary of any of those countries. And they will usually acquiesce in its provisions so far as they relate to movable property—subject to compliance with their own formalities which may, in practice, require the appointment of an attorney administrator locally.

Foreign death duties or inheritance taxes might be payable, too: but in that event relief from British inheritance tax on the same assets will probably be available.

Owning assets in many different countries can cause severe complications in the event of death and this is particularly true when a residence is acquired overseas as the *lex situs* could vary enormously from one country to another. For example, the owner might find he has little or no control over the destination of his immovable property which has to be divided equally between his surviving spouse and children, regardless of the provisions of his will.

Any British expatriate owning or intending to acquire foreign immovable property should make careful inquiry as to the local succession laws. He might find, too, that a separate foreign will is desirable.

Those Britons not domiciled within the UK—some without realising it — should also take care since the administration of even their movable property is controlled by foreign law—ie, the law of their country of domicile.

Worried about exemptions

BRIEFCASE

Under the transfer tax, there were exemptions for small gifts of £250 each to any number of individuals, and a £3,000 lump sum in any fiscal year.
Presumably, all these exemptions cease as from Budget Day when the transfer tax was abolished. What is going to be the position under the inheritance tax? Will there be exemptions for small gifts or have all gifts to come under the tapering charge arrangements? If there are to be exemptions for small gifts, are these available right away, i.e. in this fiscal year or not until some later date?

The £250 and £3,000 exemptions are preserved by clause 81 (5) (of of, and paragraph 5 of schedule 18 to, the Finance Bill (as published on April 16). The £3,000 exemption is applicable primarily to chargeable transfers, i.e. transfers which are not potentially exempt. The changes will take effect retroactively from Budget Day, by virtue of clause 80 (3) of the Bill (subject, of course, to approval of the Chancellor's proposals by the House of Commons).

Rollover relief

I sold a property used for lettings in May 1983 giving rise to CGT of about £12,000.
In July 1983 I came to Spain initially to "recharge batteries" but have remained since then.
The CGT has not been paid.
I claimed roll-over relief as my intention was to return and purchase another business.
Due to "unfortunate" investment here in Spain I am at present unable to purchase another UK business nor am I able to pay the outstanding tax.
How long will it be before the tax collector demands payment? What will be the tax collectors attitude to non-payment?
I need not say how distressed I am over this as I would wish to visit the UK freely where my elderly mother resides but I have nightmare thoughts of being taken to the tower on setting foot there.

Has the tax inspector agreed that the sale qualifies for rollover relief (in principle)? Let property would not generally qualify. If rollover relief is in fact available, the time limit for acquisition of a new business (anywhere) is about to expire, but you could apply for an extension (by virtue of the Board's discretion under section 115 (3) of the Capital Gains Tax Act 1979).

Explain the situation to the tax inspector. The UK Inland Revenue has a human face, despite the impression given by some of its correspondence.

Transfer forms

On March 13 I asked my broker to "bed-and-breakfast" some of my shares and he sent me the "sold" and "bought" contract notes but no transfer forms.
After reading Clive Wolman's article of March 29 I drew it to my broker's attention. He consulted his London office and later reported that they considered it unnecessary for me to sign transfer forms or send the certificates to them.
Who is right? What happens if the broker is wrong?

While opinions may differ as to whether transfer forms should be signed it should be unnecessary to lodge share certificates. The net effect is that you are a member of the company holding the same shares after the two transactions of sale and re-purchase. The contract notes should suffice as evidence of the transactions for revenue purposes; accordingly transfer forms should not be needed, since on any subsale a transfer direct to the sub-purchaser would be in order—in this case that would not be possible.

A wife's demands

I am a company director and shareholder of many small companies and also have property interests, all located in the same area. My wife and I have separated and have two children aged five and eight.
My wife proposes moving some 300 miles away and taking the children with her. This idea is totally abhorrent to me, as at present I am able to see the children most days. As I live for my children, there would be no incentive to continue with my business activities. Is it possible for me to obtain a joint custody order or similar which would prevent them moving out of the area? I am happy for them to continue living with my wife but require regular and frequent access. The children are not against moving but would prefer to stay at their present school and remain close to their friends. Does my wife have any claim over my businesses? Her solicitors have requested a statement of affairs of all my business activities. My wife is seeking a minimum of half the equity in the marital home (which is currently up for sale) although she has not contributed financially. She is also seeking alimony in addition to this, as well as the customary maintenance.

Joint custody is not feasible: the court will normally give custody to one spouse — probably your wife in the present instance — with rights of access to the other. Your wife will be entitled to have all your financial assets, including your business investments, taken into account in determining your joint financial position. She must also bring into account all her income and capital. You would be wise to consult a solicitor as soon as possible, especially as the claim to half the equity in the home may need to be resisted at this stage.

Mortgage tax rebate

I am a company employee and have a mortgage of £40,000. Repayment commenced in October 1984 by standing order of £170 gross per month. How and when can I reclaim rebate on the tax-relieved portion of £30,000 without using an accountant?

By submitting a tax return. If you have not yet received a tax return form (April), write to your tax office.

Perilous proposal

My son will soon finish his University course and intends buying a house were he will be employed. He has said that he intends, or would certainly prefer, to do the conveyancing himself. Do you think this is advisable?
Are we right in our assumption that he is unable to have other students renting rooms from him while he has a mortgage?

We would emphatically not advise your son to do his own conveyancing. An error could be very costly and there would be no recourse against anyone if the error were his. It is correct that most mortgagees prohibit letting rooms while the mortgage is on foot. It would be necessary to arrange special terms to enable (eg) sharing to be permitted, and it is likely that a lender would have to be found who is not a building society, bank or insurance company if such terms are to be agreed.

Taxable windfall

I have received a gift of £15,000 from a relative who quit the UK 16 years ago to settle in the Bahamas.
Not only is he neither resident or ordinarily resident in the UK, but having abandoned all interests here and having acquired a permanent home abroad he is firmly convinced that he has acquired a new domicile (of choice) — so he is not liable for CTT.
When I declare to the taxman the interest I am earning on my new found wealth I will tell him of the source of the capital — if he asks me.
But what kind of proof and evidence is the taxman likely to seek from me? Should I obtain a letter from my relative telling me of his gift? What other, if any, evidence and proof should I seek to obtain?

Keep the letter or card etc in which your relative told you that he was making the gift—unless he simply told you by telephone, of course. Keep the bank statement covering the month in which the cheque was credited to your account.

There is no need to trouble your relative further at present, unless you are afraid that he may die (or refuse to co-operate later).

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Solution to Chess No. 621

1 K-N1 (waiting). If 1 ... B-B6, 2 R-B4, or if B-N6, 2 R-Q4, or if N-Q5, 2 RxN, or if N-B5, 2 RxN, or if P-R7, 2 RxR, or if N-R2, 2 Q-N6. The trap is 1 R-Q1? N-B5 when White cannot mate by RxN because his own king would be in check from the black rook.

DUTCH sailors were said to have inspired it and Mary Queen of Scots was an ardent devotee. One king, enraged that his subjects were neglecting their work, attempted to ban it. But to no avail, for golf is now one of the most popular participant sports in the world.

For many golfers there is no better place for a holiday than the home of the game — Scotland. It was here that a group of Dutch sailors, at a loose end in the port of Leith, were seen playing idly with a stick and ball. Canny Scots developed the idea, contrived the rules and the game was born.

The most prestigious golf championship is the British Open, traditionally held at a seaside links course. This year the Turnberry Hotel in Ayrshire will host the Open on one of its courses.

After the final phase of a £4m refurbishment, the Turnberry has reopened right on cue to host the Open in July. The timing is impeccable since this year also marks the eightieth birthday of the grand old hotel. But then impeccable is an adjective that characterises all Turnberry endeavours.

Standing on the crest of a hill, the imposing Edwardian hotel looks out over its two golf courses, the Arran and the championship Ailsa, and on over the Firth of Clyde to their namesakes, the isle of Arran and Scotland's insular answer to Ayer's Rock — Ailsa Craig.

A former British Transport Hotel, the Turnberry was bought in 1983 by the American James Sherwood, whose company Sea Containers also owns the Venice Simplon-Orient-Express hotels group. He set about attempting to divest the Turnberry of some of its more stolid, institutional attributes, trying to replace them with the elegance and luxury associated with his Italian hotels, the Cipriani in Venice and the San Michele di Fiesole in Florence.

The interior designer Jenny McLean has combined light and grandeur in the public rooms with individual schemes in every guest room and suite. She has tried to create the feel of an elegant yet informal country house. The Turnberry is not cheap (double rooms start at £90) but when has luxury ever been?

Master Chef Stewart Cameron takes advantage of the fine local produce and is something of a perfectionist. At the end of each season he can be seen gathering rose petals to make the syrup which enhances one of his confections. Guests tempted to over-indulge can work off the worst effects in the indoor pool, gym or sauna.

Despite the many internal changes, golfers will be reassured to learn that outside, the sacred turf of the two courses is untouched. Bob Jamieson is Turnberry's resident professional, offering to arrange games or provide instruction.

The Turnberry Hotel . . . venue for this year's 1986 British Open

Hotels where golf is the main course

For non-golfers there are plenty of distractions: quiet sandy beaches, tennis, nearby stables, sea and river fishing and shooting facilities. The hotel, in the heart of Burns' country, is a useful base for excursions: Kirkoswald, said to be the site of Burns' first kiss, is just up the road. Kirkoswald was also the home of John Davidson, village souter (cobbler) and the original Souter Johnnie of Burns' "Tam O'Shanter."

Culzean Castle (pronounced Culain), built in the 18th century for David, 10th Earl of Cassilis, is nearby. The castle, and its 563-acre country park with a swan pond and deer-park, is the Scottish National's Trust's most popular property.

The Turnberry's bookings for this year's Open (July 17-21) are said to be disappointing, as a result of the Libyan crisis and consequent drop in the US travel market. For British golf fans this is a bonus: it would normally be impossible to book a room "in situ" at this stage. Girvan (five miles away) has several small hotels and some enterprising local residents are taking a holiday elsewhere during the Open, renting their homes to golf enthusiasts.

Ayr (18 miles away) has a number of hotels and also serves as an accommodation overspill for that other Open championship course, Troon. The Royal Troon course is mainly served by the Marine Hotel.

Next year it is the turn of Muirfield course to host the Open. Muirfield is in Gullane (19 miles from Edinburgh), which is also the location of the Greywalls Hotel, the only Lutyens building in Scotland. The hotel garden was laid out by Gertrude Jekyll.

If Scotland is the home of golf, St Andrews is its administrative centre. Here, at the Royal and Ancient Golf Club, the rules of the game are made and monitored. Surprisingly, the town's two courses are not owned by the venerable club but by the citizens of St Andrews. There is, accordingly, no golf on Sundays and local people have priority on Saturdays. The Old Course hotel overlooks the links.

As an inland course, Gleneagles does not qualify for the coveted honour of hosting the Open. But its four 18-hole courses are of international standards. Guinness bought the Perthshire hotel at the end of last year and is investing £1m over the next 18 months to widen its appeal and intends to invest further in the hotel's restaurants. A horse riding centre and floodlit tennis courts are planned as well as an extension to the hotel's shooting school.

Annalena McAfee

BRIEFS

Tee for two tops the menu

GOLFERS are offered two unusual specialist holidays this year; one in China and the other on board a cruise liner.

The Chinese trip is part of an overnight package offered by the Oriental Hotel in Macau, part of the Mandarin Oriental Hotel Group, to people travelling from Hong Kong. Guests are offered a programme which includes a day's golf at Chun Shan, China's first golf course.

Arnold Palmer designed Chun Shan, a private club only 30 minutes drive from the hotel. The package includes one night's deluxe accommodation at the hotel, free shuttle service from ferry pier to the hotel and tranfers to and from the golf course. The cost is HK$888 (£81) from Hong Kong.

P&O has arranged two golf cruises with leading professionals including Ken end Stewart Adwick, Bernard Hunt and the woman professional golfer Mickey Walker.

On board facilities include practice nets, putting, equipment, daily tuition films and discussions. Excursions for a day's golf at the local courses ashore are also offered.

Fares start at £728 for the 14-night golf cruise to Gibraltar, Barcelona, Cannes, Elba, Naples and Palma from May 30 to June 13. The 12-night golf cruise to Madeira, Tenerife, Las Palmas, Gibraltar and Lisbon from October 28 to November 9 costs £660.

ARCHAEOLOGY and antiobiography, photography and psychology are some of the skills taught in residential weekends in the attractive setting of Missenden Abbey in Buckinghamshire.

The courses are being held in new buildings which bad just been completed when fire gutted the 12th century Abbey last July. The restoration of the Abbey is expected to be completed in two years.

Natural and local history will be examined in one course, another will be devoted to Shakespeare, and fabric and thread will be the subject of another. Details of the courses, which start at £59 for full board, are available from Missenden Abbey Weekends, Missenden Abbey, Great Missenden, Bucks. Telephone (02406) 4037.

A WEEK at Leeds Castle in Kent for £16 or on the Isle of Skye for £14; a fortnight in Yorkshire's Hawardian Hills for £20 or 10 days on the North Wales coast for £10—these are some of the bargains offered in a new holiday brochure. What's the catch? The answer is good, honest manual work.

The working holidays are organised by the British Trust for Conservation Volunteers and supported by Prudential. Participants' ages range from 16 to 70, although the few more arduous projects are clearly marked, warning off the unfit.

Tasks include creating an outdoor classroom on a deserted island, repairing the footpath to Dylan Thomas's boathouse in Laugharn, and maintaining the duckeries at Leeds Castle. Dry stone walling also figures largely.

Accommodation, specified in the brochure, ranges from the basic to the luxurious and includes estate cottages and village halls, camp sites and youth hostels. Food is provided and everyone helps in the preparation of meals.

For those with more time on their hands, British Trust for Conservation Volunteers is looking for 12 people to work in the Lake District National Park for three months this summer. Work will include footpath repair, drystone walling, lake shore protection and upland and woodland management.

Further details and copies of the brochure from BCTV, 36, St Mary's Street, Wallingford, Oxfordshire, OX10 OEU. Telephone 0491 39766.

An opportunity to learn a craft while enjoying a holiday on a working farm is offered by Crispin and Sue Aubrey in Somerset.

Weaving, painting and jewellery making are among the skills taught in 17 weekend and five-day courses between May and September. You can even learn to make a bamboo flute or a 24-string psaltery in combined woodworking and music classes.

The courses are held in Quantock Workshops, a converted barn on Hockpit Farm, Nether Stowey, Bridgwater. A special programme is provided for children, who are particularly welcome. Fees are £30 for weekend courses and £80 for five-day teaching sessions. Visitors can stay in the 13th century farmhouse (£7 a night with breakfast), a caravan in the orchard (up to £60 a week) or camp on the farm (£1 a night).

LABROKES Hotels has launched a campaign to encourage business travellers to stay in their British hotels. The "Stay To Win" promotion is based on a board game which guests fill with tokens accumulated on checking in at any of 48 Ladbroke Hotels throughout the UK. There are spot prizes, including free drinks and meals, and the chance to win free country weekend holidays and a Concorde trip to New York.

ONE OF the most offbeat holidays this year is a 16-day course in yoga in the Himalayan foothills. E and F Travels of East Creech, Wareham, Dorset, offer a short stay on the Nagin Lake in Kashmir before a journey to a Himalayan camp with a small communal house with washing facilities.

Yoga classes are held by C. N. Rao, a graduate in philosophy and Sanskrit, who has been teaching Hatha Yoga for 20 years. The food is, naturally, vegetarian. Further details of the trip, which costs £872, from 0929-480548.

FIAT PLAYS MINOR VARIATIONS ON A THEMA

THERE ARE now three medium-large executive-type cars that look so much alike they could be mistaken for one another—the Saab 9000, Lancia Thema and Fiat Croma (pictured).

Two are hatchbacks — the Fiat Croma and Saab 9000 — while the Lancia Thema is a conventional three-box saloon. All have the same doors and platform, which is what serves instead of a chassis on a modern car. Even though the engines and suspensions differ, they all feel pretty similar to drive.

Lancia was first on the scene with the Thema, followed soon afterwards by the Saab 9000 Turbo and 9000i. Fiat's Croma went on sale this week, priced from £8,549 to £13,500; this means it will compete strongly with its Thema stablemate as well as with cars like the Audi 100, Ford Granada and the Renault 21, which arrives in Britain in a few weeks' time.

Apart from its hatchback body, the Croma is remarkably like the Lancia. It has the same two-litre, four-cylinder twin-overhead-camshaft engine, with or without a turbocharger, although it produces a little less power and lacks the vibration damping balance shafts featured in the Thema. But the Croma's turbocharged two-litre gives little cause for complaint.

It is smooth, although not exactly silent when accelerating hard. And, as with any front-wheel-driven car with a turbocharged engine, the Croma can feel a little unruly if accelerated hard in the lower gears on wet roads. Used intelligently, however, the turbocharger's boost makes it feel lively and long-legged on the motorway when it is unnecessary to come out of top gear.

The five-speed gearbox is like the Lancia Thema's, pleasant to use and lacking the rubbery feel of some former Fiats. An automatic transmission is offered only on the £10,150 Croma 2000 IE Super—it costs another £420.

The £13,500 2000 Turbo IE offers much of the performance and equipment (including ABS brakes) of the up-market Granada models. It has an output of 155 bhp at 5,250 rpm and develops maximum torque at half that speed. A light-footed driver will be rewarded with a 30 mpg consumption on a journey.

However, for those who want a large car with remarkable economy, Fiat offers the Croma CHT. This has special inlet manifolds feeding a twin-choke carburettor that yields just over 51 mpg at a constant 56 mph and nearly 40 mpg at 75 mph. For anyone not in too much of a tearing hurry, an average 35 mpg would seem realistic.

Stuart Marshall

Be serious about servicing

IN CASE you have not noticed, this has been National Car Care Week, organised by the garage man's bible, Motor Trader, and designed to persuade us to take better care of our cars.

The grinding of axes is as obvious as it is inevitable but that does not mean that the Motor Trader's call for a stop to the continued extension of manufacturers' servicing intervals is not justified.

I think it is. Servicing intervals on new cars of 12,000 miles are routine and 20,000 miles not unknown. This is all very well if the car is in the hands of a reasonably knowledgeable owner—but how many motorists are like that nowadays?

All too many are nothing of the kind. To them a car is an essential consumer durable and no more. They may know little of its mechanism and care even less. I feel the same way about washing machines and food mixers. But if they go wrong there may be a pool of water on the floor or a cake that sinks in the middle. It is all very inconvenient, but no one's life or limb is at risk.

The dangers of using an unfit car to the driver and other road users are too obvious to need stressing. Yet there are a lot of them about. Too many motorists take advantage of the modern car's inherent reliability and of the efficiency of the National Breakdown Club, AA, RAC, and similar organisations. They neglect their cars until they break down and then get on the phone for help. In short, they use their membership of a rescue organisation as a substitute for servicing.

Having cut my motoring teeth in the days when a car had to be greased every 1,000 miles if the steering was not to go stiff, I have never gone along with the idea that an annual visit to the service bay is sufficient.

Curiously enough, the smaller the mileage one does, the greater the need for servicing. At the very least, an oil change is needed at six-monthly intervals. Continuous short runs and cold starts cause more contamination in an engine than thousands of miles of motorway driving. While-you-wait oil and filter changes are offered by many garages which have woken up at last to the fact that drivers are unwilling to book a service two or three weeks ahead. For a small car, they need cost no more than £10, oil and filter included, which strikes me as a modest sum to protect a valuable investment.

The annual mileage of the average car is said to be under 10,000. Because so many business motorists do three or four times that mileage annually, this means that a lot of the others do a great deal less.

I can think of half-a-dozen people who drive an annual mileage of 3,000 or less. One of them bought a small car more than three years ago and has less than 6,000 miles on the clock. It had its first free service but has had no attention since. (I exclude visits to the garage to replace tyres that have been destroyed by driving them into kerbs or to have dents in the body knocked out.)

The average journey of this car is a mile which means that in winter it operates continuously with the choke out. The engine oil must look like molasses by now. It could fairly be described as a breakdown waiting for somewhere to happen.

Motor Trader quite fairly points out that apart from the obvious safety benefits of having things like tyres, steering, brakes and lights regularly checked, it could save the car owner money. An expensive repair job often starts as a tiny tap or squeak that is neglected.

S. M.

CHESS

TONY MILES'S non-title series against Gary Kasparov in Basle this week is the first match between a British player and a reigning champion for more than 90 years. The half-way score of Miles 0, Kasparov 3 demonstrates that the brilliant 23-year-old Russian is in peak form as he prepares to defend his title against Anatoly Karpov.

The British GM's psychological choice of an unfashionable counter failed as the world champion seized key central squares, reduced his opponent's active force to a lone queen raider, and liquidated to a won endgame.

White: G. Kasparov
Black: A. J. Miles

1 P-Q4, N-KB3; 2 N-KB3, P-B4; 3 P-Q5, P-QN4; 4 B-N5, N-K5.

Here 4 . . . B-N2 (Browne-Korchnoi, Wijk 1980) is better. 5 B-R4, Q-R4 ch; 6 QN-Q2, B-N2; 7 P-QR4, BxP; 8 PxP, Q-B2; 9 R-R4!

Ensuring a strong pawn centre.

9 . . . Q-N2; 10 P-B4, NxN; 11 PxB, NxB; 12 Q-Q3, P-Q3; 13 P-K4, N-Q2.

Black is far behind in development, so prefers to bring pieces into action rather than gain an unimportant pawn for his trapped knight.

14 QxN, P-KR3; 15 Q-K2, P-N4; 16 B-N3, B-N2; 17 P-K5, 0-0; 18 P-KR4! QxQP; 19 RPxP, NxP; 20 BxN, PxB; 21 PxP, B-B3; 22 R-KR5!

Now both white rooks control the centre via the flank.

22 . . . K-R1; 23 NxP, Q-N6; 24 R-QR3, Q-N5 ch; 25 K-B1, QR-Q1; 26 N-B6! QxP(N7); 27 QxQ, BxQ; 28 RxRP, R-B1; 29 RxKP, P-B5; 30 K-K2, P-B6; 31 K-Q3 Resigns.

White is two pawns up, and wins simply by advancing his K-side pawns.

The Kleinwort Grieveson £8,000 UK-USA challenge series between British champion Jonathan Speelman and his American counterpart Lev Alburt has also featured lively play. The match at the Great Eastern Hotel, London, showed a rare instance for grandmaster chess of a one-move win missed by both sides.

In this position after Speelman's white move 18 P-B5, Alburt went wrong with 18 . . . QR-Q1? (better PxP); 19 P-B6! NxP; 20 P-Q6, Q-K3; 21 RxN! BxR; 22 B-N4, BxN (if QxB? 23 NxB ch and 24 NxQ); 23 BxQ, PxB.

White's combination has won the queen, but Black has rook, bishop and two pawns to compensate. Normally this would leave the game in the balance, but here White still has a pronounced initiative.

BLACK (14 men)

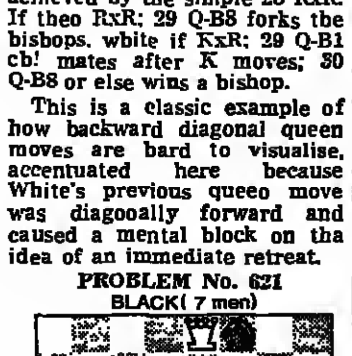
WHITE (13 men)

24 R-KB1, R-Q2; 25 R-B6, R(1)-B2; 26 Q-K2, B-B3; 27 Q-R6, B-Q1; 28 Q-B8? RxR ch; 29 KxR, B-N4 ch; 30 K-K1, K-B2.

Now Black should draw, though he went wrong later and lost. But the interesting point is that one-move win on move 28, achieved by the simple 28 RxR. If then RxR; 29 Q-B8 forks the bishops, while if KxR; 29 Q-B1 ch! mates after K moves; 30 Q-B8 or else wins a bishop.

This is a classic example of how backward diagonal queen moves are hard to visualise, accentuated here because White's previous queen move was diagonally forward and caused a mental block on the idea of an immediate retreat.

PROBLEM No. 621
BLACK (7 men)



WHITE (7 men)

White mates in two moves, against any defence (by B. J. de C. Andrade). Black's king has no legal moves, but this problem has a hidden trap which caught out many earlier solvers.

Chess events, Page XIV; solution, Page VIII

Leonard Barden

BRIDGE

MY FIRST hand today comes from teams-of-four:

N
♠ J 3
♡ Q J 9
♢ 7 5 2
♣ A K Q J 6

W
♠ 9 5 2
♡ 10 4 2
♢ Q 8
♣ 10 9 8 5 4

E
♠ 8 4
♡ A K 8 7 6 5
♢ K J 10 9
♣ 3

S
♠ A K Q 10 7 6
♡ 3
♢ A 6 4 3
♣ 7 2

With both sides vulnerable, North dealt and bid one club, East overcalled with one heart, and South forced with two spades. North rebid three clubs, South said three spades and after a raise to four spades from his partner, South bid the small slam in spades.

West led the two of hearts, covered by knave and king, and East returned the diamond knave, which South won with his ace. The slam seemed to be on ice—six spades, five clubs and the ace of diamonds added up to 12 tricks—but the declarer was a first-class player, and asked himself whether there could be any possible snag. Five clubs in one hand—that is, in West's hand—was a possibility. Then, if this unkind break actually existed, was there anything to be done to overcome it? A squeeze was the only hope, but for this to be effective, West must have a second winner, which clearly did not exist.

The declarer remembered West's opening lead of the heart two. This surely indicated a holding of three or four to the ten. The menace could be transferred. Drawing trumps in three rounds, South crossed to the club knave, and returned the heart queen. East covered with the ace and South ruffed in band. Now West held the master heart and dummy's nine was the menace.

The declarer cashed his spade ten, forcing West down to four clubs and the heart ten, the the last spade squeezed West. He had to discard a club or the heart and so yield the 12th trick.

The second hand is from rubber bridge:

N
♠ A 10 6 3
♡ Q 7
♢ A Q 7 2
♣ K 6 3

W
♠ K J 9 8 2
♡ 4 3
♢ 10 6 5 4
♣ 7 4

E
♠ Q 4
♡ K 6 2
♢ K J 9
♣ A Q J 10

S
♠ 7 5
♡ A J 10 9 8 5
♢ 8 3
♣ 9 5 2

Both sides were vulnerable and had a part score — North South were 40 below and East West 60. North dealt and bid one no trump, East doubled, South said two hearts and West competed with two spades. North passed, East said three clubs, South said three hearts and all passed.

West's seven of clubs was won by the ten and East returned the spade queen, on which West dropped the two and dummy played low. East failed to draw the correct inference from his partner's spade two, which was meant to be a suit preference signal for a club continuation. Ace and another club allows West to ruff and the contract must go down. East, however, played another spade to knave and ace. After successful heart finesses, the declarer played out all his trumps. East had to keep king, knave of diamonds and the ace, queen of clubs, and South threw East in with a club and collected two diamond tricks from the forced return into dummy's major tenace.

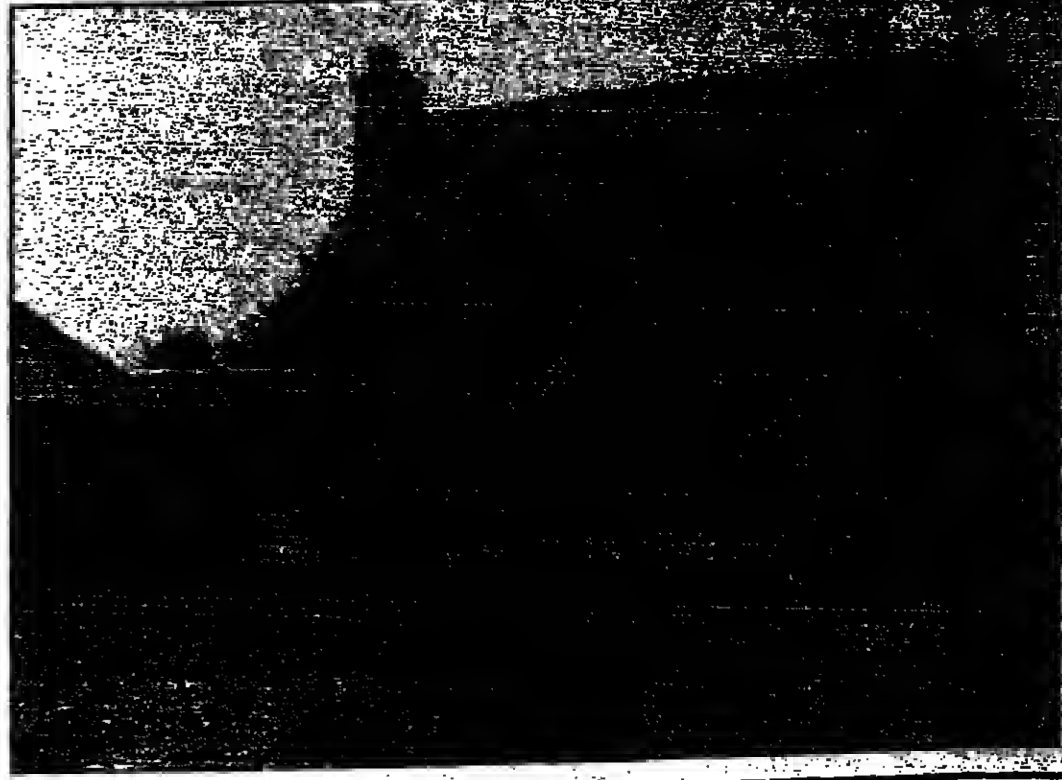
Excellent play. Note the duck of the spade queen, in order to rectify the count for the throw-in at trick ten.

E. P. C. Cotter

London Property

• PROPERTY •

When old is best and new is unacceptable



NEW HOUSES just do not appeal to some people, no matter how well designed or efficient they may be. Sir Lawrie Barratt shakes his head at British huyers' reluctance to consider the square footage of usable space when comparing new and old properties. As he says, "people just do not think in tbose terms here, they are not used to the comparisons." In contrast, huyers of Barratt homes in California teod to work from the usable space back, picking a property size and theo selectiog location, style, and price.

Perhaps an Atlantic crossing does change their thinking. As George Inge of Savills recalls, when he once suggested to an American buyer that he could have a new house built on an estate the firm was selling he got a pretty cool response. "People want their 'lovely old house' when they look at an estate, a new ooe is oot at all the same thing."

On Humherts books at the moment there is one distinctly old house that, for the same price, provides as sharp a contrast with a show house dome as you could fiod.

Offers of £250,000 are being asked for the Dwelly farmhouse, Edenbridge, that has stood in its acre of garden on the Surrey/Kent borders since the 13th century. Humberts admits that it was heavily modernised in the 16th century, and the conservatory was added in 1926. Apart from that it is an unusually unspoilt Grade II, four-bedroom bouse that also has a 15th ceotury harn suitable for conversion. The house itself needs repair aod modernisation. But heing just 26 miles from London it is unlikely that Jeremy Blanchard at Humberts (01-629 6700) will have loog to wait for someooe keeo to do the work.

J.B.

How to be at home in a dome

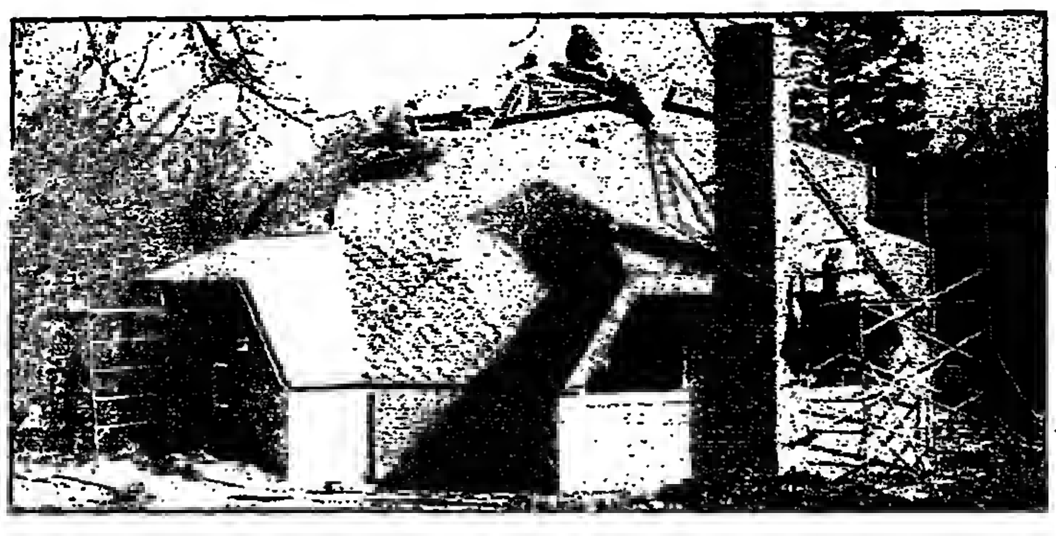
John Brennan examines an alternative concept of living for those unconcerned about building convention

A QUARTER of a million pounds will buy you Britain's first geodesic dome house. But you'd have to wait half a year before moving in. Nectar Domes, which huilt the house at Tatsfield, Surrey, wants to show it off first.

For the past two years Mr Gerry Swiodells, Nectar's marketing director, has been displaying drawings, models, and the curved triangular sections of the dome home at exhihitioos across the couotry. He drew the crowds, hut no orders. It makes a pleasant change for him to have a real, livable-in dome to show off, and to be able to let the buildiog act as ao answer to the couotless, doubtful questions that the models attracted.

"Would the plaoners allow you to huild one?" Surrey's planners were happy enough, and while you would he unlikely to get permission to slot one into a terraced row, the dome shape would blend in on any detached site. Once you have a site, aod the services built in, it takes only a few days to assemble a dome ready to be fitted out.

"Would it stand up?" Los Angeles poet, pilosopher and mathematician Buckminster Fuller could have answered that half a ceotury go when he started to argue the logic of geodesics as a more rational building form, based as it is upon the strength of triangular sections used in pentagon and hexagon form to create a dome shape. Some 20,000 US dome bomes prove the point. The Tatsfield house, assemhled with stainless steel bolted sections of engineered hardwood is likely to outlast most newly built houses in Britain.



"Could such a property he valued?" Well, Mr Swindells reports that it did take three valuers from the local authority to puzzle out that academic question of "what would the property rent for?" before coming up with a rateable value. But it may well be that they just wanted a break from measuring up "semis." In aoy event, they went away satisfied.

Home leoders' valuers might be harder to please. They usually haulk at anythiog out of the ordinary, aod so mortgage finance might he influenced hy doubts about resaleahility.

One favourite question about dome homes is "How do you attach a garage to ooe without ruining the lioe of the building?" It's simple eoough at the Tatsfield house with an extension that uses the same geometric elements as the dome. The eventual owner will not have to buy a Volkswagen "Beetle" to keep a car in style with the house.

Nectar, part of the private freight, shipping and property company NED Group Holdings, came to huild the dome through the Financial Times.

A few years ago NED chairman and managing director Mr Gerard Nederpel was intrigued by an advertisement in the FT placed by Cathedralite Inc of White City, Oregon. Buskminster Fuller had been a Cathedralite director until his death in 1983 and the company has since spread the word, and the dome, throughout the US. In association with Japan's Yanako Group, Cathedralite's designs have been sold across Japan and South-East Asia.

Mr Nederpel visited the Oregon group, liked the idea, and had a Cathedralite dome shipped over to be erected as NED's office in Sharpness, Gloucester. A manufacturing agreement with a Dutch engineering group has provided NED's Nectar Domes with the precision-made aections necessary to build domes this side of the Atlantic. Now, with the Tatsfield dome completed, Nectar is ready to put a dome home over anyone who likes the idea of a home with 30 per cent less wall area to get in the way of living apace, and around half the heating costs of a conventionally sbaped bouse of the size.

The missing link, self-evidently, is the site. Until traditional housebuilders decide to add a few domes to their estates, would-be dome-owners need their own land before calling in the trucks full of triangles.

Nectar hopes to have resolved that problems.

An arrangement with Link, the nationwide consortium of independent estate agency firms, aims to build up Nectar's lists of the kinds of single house plots ideal for domes, but which do not generally appeal to traditional builders.

It is rarely worthwhile for a volume housebuilding company to buy single plots for its land bank. One-off construction jobs tend to be uneconomic because it is impossible to average out the cost of site clearance, laying down drainage, site access work and so forth over a number of properties as you can with an estate of houses. Without competition from established builders' Nectar or a link agent should be able to find suitable single sites in most parts of the country.

The absence of internal loadbearing walls means that bomes in domes can be as open or as complex as you wish. At Tatsfield a 45-ft diameter dome with dormers and garage gives 2,800 sq ft of usable space and creates a spacious four-bedroomed family house on two levels. The mezzanine floor gives a gallery effect over a living room area that rises to the inside of the dome itself, and to the natural light source of windows set into the sides and ceilings of the timeber finished curved walls of the building.

The £250,000 price tag on the show house reflects the fact that it is fully fitted out. Normally a similar aized basic dome would cost £132,900, excluding the site. Smaller domes, such as a 30-ft diameter one giving just over 1,000 sq ft of living area, would cost £59,600.

Rentals

Overseas Property

£8m home for keen gardener

Deep in the heart of London, the plants are paramount

A VINE-ENTWINED pergola by the water, a graceful gingko (maidenhair tree), and an Elizabeth of Glamis rose planted by the Queen Mother on her 80th birthday, provide the *rus in urbe* setting of the splendid 4½-acre garden at Nuffield Lodge in London's Regent' Park.

No wonder a French visitor in 1844 recorded that the Park was "a scene of enchantment, where we might fancy ourselves surrounded by the quiet charms of a smiling landscape."

Of the original 56 villas planned by John Nash for the Regent's Park, only eight were built, and only four survive. Hanover Lodge is being held "*in hand*" by the Crown Commissioners until it is decided what should be done with it (go up for sale perhaps?). The Holme was sold for about £5m last year, and St. John's Lodge is under offer to American millionaire art collector Mr Frederick Koch who is currently having problems with the planners over alterations.

The impressive cream stucco Grade 1 listed Nuffield Lodge went on the market this week after a year of preparation by Chestertons Residential—the grounds were photographed last spring. In excess of £8m for an unusually long Crown lease of 99 years is being asked.

Mr Ian Buxton, Chestertons' marketing manager based at their Connaught Street, W2 office, says that persuading the Commissioners to go beyond their normal 60-year period is a bonus that will give the sale a wider appeal to a private buyer. The present office-occupiers, the Nuffield Foundation, is surrendering the rump end of its lease in a deal with the Crown.

"It is a supremely manageable house," insists Mr Buxton, who expects the 12,300 sq.ft. of adaptable accommodation to become a home for a businessman or diplomat. The American Ambassador's London residence, Winfield House, is only just along the way.

The entrance is a bit near the road, coming out as it does at the busy St. John's Wood roundabout. But the Regent Canal at the bottom of the garden makes it a perfect sanctuary from the traffic.

Nuffield Lodge, originally Grove House, was built by Decimus Burton in around 1823 for George Bellas Greenough, geologist, Radical MP, and founder of the Royal Geographical Society.

After Greenough died in 1855, the house passed to various relatives. Portrait painter Sigismund Goetze (1860-1939), took over in 1908, decorating the ground floor with spectacular murals. By 1947 the lease was transferred to the Midland Bank, and occupied by their chairman Lord Linlithgow, ornithology enthusiast.

The Nuffield Foundation, which went there in 1953, have looked after the place well, but there is some modernisation to be done. Architects' Donald Insall and Associates lengthy schedule is not quite as daunting as it first appears. The natural degradation of office use have to be remedied.

Where the period character has stroyed, such as in window glazing bars, incorrect door furnitura, missing cornicing, attention is needed. But there is nothing major structurally.

Altering the ground floor with its majestic Corinthian columns, friezes and central rotunda, is strictly taboo. A certain sympathy and flexibility is indicated over the first floor, where there is potential for seven bedrooms with supporting bathrooms.

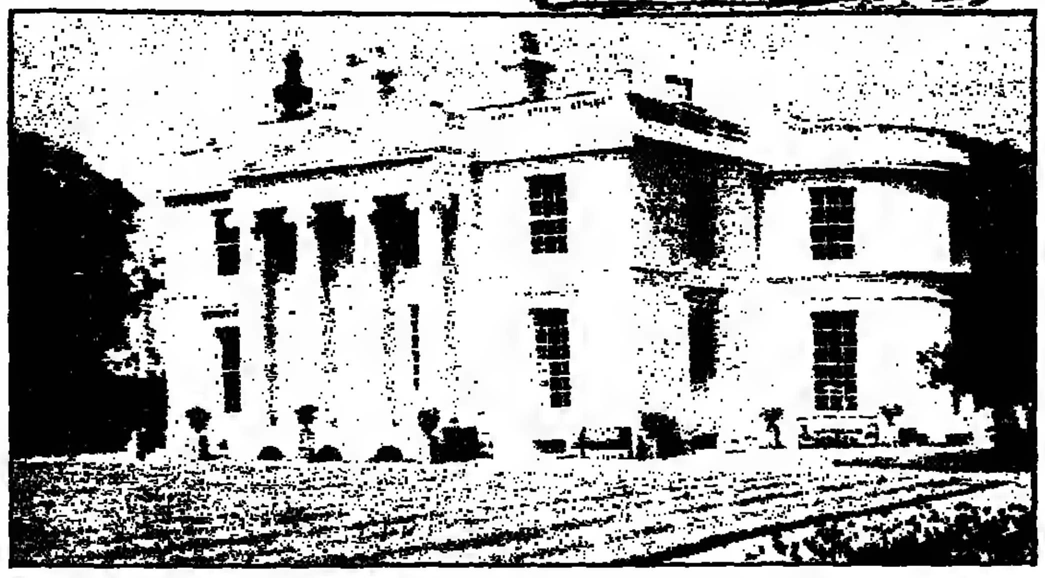
Neglect the garden at your peril—the powers that be will be down on you before you can say weed-killer. Special rules are being printed setting out the correct method of dealing with the rare trees and shrubs.

There is a strict vetting procedure of course before the Crown approves anyone as an occupier. They need confirmation that not only can the premium be afforded but that the costs of renovation and modernisation can be met too. The notes prepared for prospective purchasers warn that personal and accountants' references have to be made available at 24 hours' notice, and that foreign nationals have to provide a UK surety or Banker's Guarantee for all the monies involved. Cash-flow problems cannot be tolerated.

In Nash's Hanover Terrace, where the last of five houses for modernisation, number 16, is on offer through Hampton and Sons, and Knight Frank and Rutley, for in excess of £575,000, there is a 43-page schedule of minimum works.

This covers everything from before and after photographs in triplicate, to insisting that all the paint used should be strained through fine gauze before use. Any deviation from the approved colour means doing the whole thing again. Only those with courage and infinite patience should take on the Crown Estate Commissioners.

June Field



Regent's Park retreat: Nuffield Lodge, London, NW1.

Societies play it cool

John Brennan on the changing face of estate agencies

LLOYDS BANK showed the way with its fast expanding 240-office Black Horse chain of estate agents. Now that Mann & Co and Bairstow Eves have joined under the Hambro banner to create a 327-office network handling sales of £2bn a year, agents across the country divide into those concerned about competition from national agency chains and those keen to sell out their partnerships and join them.

Agency buyers now include the Prudential, which has started its drive for a 500-office network by acquiring Ekins Dilley and Handley and Pearsons. Legal & General is the equity-holder in Connells, while Royal Insurance has moved closer to Fox & Sons. The Trustee Savings Bank has also become a home-seller by buying Slater Hogg Harrison, the Scottish agency. You can even buy a house through an agency owned by Perry's, the Ford car dealership, these days.

Next year, new laws for building societies should allow them to join the agency buyers. John Bayliss, director and general manager of the Abbey National, believes: "There will be smiling estate agents all over the UK waiting for January 1987 and the arrival of the building society man with his open chequebook."

They can stop smiling now—because, speaking at the recent Building Societies Association Conference in Bournemouth, Mr Bayliss went on to give a view of the agency world suggesting that the societies will be far from uncritical buyers, if they join in the bidding at all.

"There is," he said, "one factor overriding all others if we do get involved in estate agency. I think that most members of the public are of the view that estate agents do a pretty poor job at a very high price.

"It is my firm belief that if we do get involved with them, then we're going to have to do it much, much better. There is absolutely no point in copying existing practices—they would just ensure we tarnish our own good names."

Farmland prices lure the green welly brigade

IF YOU have always yearned for a reason to buy green wellington boots, and would like to splash a little of your own mud on the Range Rover, this is the moment you have been waiting for. The "smart" money is turning back to the land. Not to the manicured estates of the 'Shire counties but into working farms selling at bargain prices as institutional buyers cut back their agricultural holdings.

Investment Property Databank's (IPD) survey of the UK farmland market carried out for Savills—one of the country's leading land agents—shows why funds with an eye for short-term performance have lost their love of agriculture as an investment. Farm incomes have been dropping in real terms since 1976; last year, capital values slumped by an average of nearly 18 per cent as funds downvalued their holdings

Established farmers remain the fiercest bidders for vacant possession land that becomes available on their borders. In contrast, the tenanted, let land market has been dominated by investing Institutions since the early 1970s. As they have lost heart, Savills' Peter Wilson reports that "we are seeing the return of the private buyer after a 20-year absence."

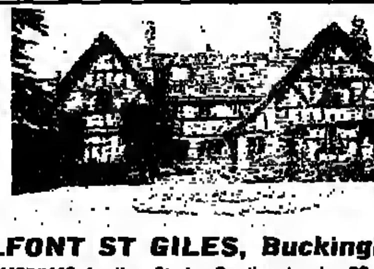
While the fund managers are having to explain away a dip in their investment performance, private buyers are looking at net returns on let land that are now only a couple of per cent below the return on long-dated gilt-edged stock. You would have to look back to the mid-1970s and the days of the last property crash to find land yields as high as that. Just a few years ago, the agricultural land market's yield gap ran as high as 10 per cent as funds vied to bid-up prices.

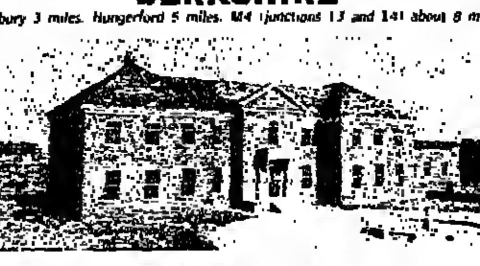
Today, you can buy prime grade one English farmland for £1,600 an acre or less. The price of a small Surrey mansion or a spacious Knightsbridge flat now pays for a working property large enough to get you on the mailing list of *Big Farm Weekly*.

What it will not buy is anywhere in which to live. Sensible investors keep out of the way of their tenant farmer and most private buyers simply want a farm to add to the holdings of a family trust. Still, a property covering a few hundred acres could well release the odd convertible cottage or two, a place to try out the wellies, and an investment track record that belies the current slump in prices.

On the Savills-IPD figures, gross rents for grade one English tenanted land now run to £77 an acre, and—Common Agricultural Policy problems or no—gross income growth has averaged just under 15 per cent a year since 1976. Even after last year's fall in values, combined rental and capital returns have shown an average annual growth rate of 9.6 per cent for all land, and 12 per cent for grade one land since 1976.

Fund managers are still selling, as and when they can, so 1985's drop in values might not be the end of the story. Private buyers moving back into farmland now may well be buying before the market bottoms out. But they are able to take their choice of properties at historically high yields, rather than waiting until the market turns and the funds start holding on for the ride up.





Leisure in the Garden

The pleasures of outdoor living are becoming more complex and range from simple barbecues to poolside splendours of dining al fresco

The great move outdoors

NOT SO VERY long ago, probably no more than five or six years, the inhabitant of this country might, on a warm summer afternoon, have parked a canvas deck chair on the lawn, a pot of tea on an occasional table next to it, and surveyed the fruits of weeks and months of hard work on the vegetable patch, the fruit trees and the flowers.

To cater for such simple pleasures, a market has grown up worth more than £800m at current rates, providing everything from fertilisers to sheds to seeds and furniture.

Over the last five years or so, the pleasures of the garden have become more complex. Designer fashion has caught up with traditional furniture. The habits of warmer climates like barbecuing have begun to ingrain themselves. The swimming pool, a symbol of real luxury, has become affordable. A far greater slice of summer living has, in other words, moved outdoors.

The statistics of this change are impressive, if unreliable, because the key trade associations have only begun to look into the commissioning of market surveys. But those which do exist suggest rapid growth.

In 1980, according to Gima Futures/Euromonitor, the market for garden furniture was about £30m. In 1985, it stood at £55m. Barbecues had sales of around £7m in 1980, rising to £23m in 1985. Between them, they account for about a tenth of the whole garden product market.

The take-off in the swimming pool industry is predicted to be even faster. According to the Swimming Pool Directory, it has an estimated current value of about £440m annually, including public and private pools, but the highest estimates suggest a worth of £750m. Of this, somewhere between a third and a half is in the private and commercial sector.

This represents a total of about 125,000 pools from the simplest garden structure to the municipal pool, a tiny number compared with the US, but on present trends industry estimates are for a market worth £4,000m within a decade.

The move towards developing a leisure industry around the garden has had two basic influences. The broad mass of people have had several decades of spending holidays abroad and have acquired new habits, like the barbecue.

The other trend is to see the garden as a way of improving the house as an asset. As patios and conservatories are built on, so the focus of living in the summer moves outside. Barbecue parties replace traditional dinner parties. Conservatories are filled with informal furniture, but the requirement is for improved standards of design to accommodate the move between house and garden.

The traditional end of the garden furniture market in the UK has either been metal or wood and cast aluminium, which sells from anything from about £30 for a set of armchairs and a table to something over £1,000.

The cheaper metal frame furniture accounts for about 50 per cent of the market. About 30 per cent is cast iron, wood, aluminium or cane, and the final segment or roughly 20 per cent is in the new material which has revolutionised the business — so-called "resin" furniture, which is essentially injection-moulded polypropylene.

French manufacturers spearheaded the invasion of this higher-priced, more durable, more weatherproof equipment at a time when the economy was picking up and exchange rates became more favourable. It had two major selling points. It could be left outdoors the whole year round without corrosion or rot and it could be sold with an image which made it a more attractive proposition to newer outlets for garden furniture, like the DIY chains and the out-of-town superstores.

The resin market was more expensive to get into. To set up a single mould costs as much as £500,000, but against that a single piece of furniture takes only a minute or two to come off the production line, at least creating the manufacturing conditions for a mass market operation.

Resin furniture has found a strong niche among conservatory owners, a market which is doubling every year at the moment and has a value of about £40m annually.

The swimming pool business has taken longer to mature. In the 1950s and 1960s, the private swimming pool was regarded as exclusive to the pop star and the millionaire and hardly impinged on the consciousness of the professional classes. Such is the change, that distributors now talk in terms of impulse buys.

The impulse is, of course, restricted by the size of a property but there are as many as 1,400 companies involved in the business. Between 1985 and 1995, John Dawes Publications estimates that there will be £750m invested in new pools; £75m spent on refurbishment; £1,000m spent on energy use associated with pools; the same amount on chemicals; and £1,500m on the supply of accessories like furniture. Of the total value of present market, about two-thirds is spent on public sector operating and investment.

For all that swimming pools have come down market, they still cost a minimum of about £5,000. At that level, the family living in the suburbs can build a do-it-yourself pool from a kit over a period of years and spread the investment.

To have a pool installed, the cost begins at about £6,000 and ranges up to £20,000. For an indoor pool, the price starts at about £10,000 and ends at more than £100,000.

Not unnaturally, because there are at least two-and-a-half million pools there, the market was US-led when it took off about a decade ago. At that stage, American manufacturers had about 90 per cent of the UK market, a figure which is now down to about 10 per cent. As the business has grown, however, American manufacturers are once again consolidating their investment in the UK.

The more expensive end of the market is the concrete water-proofed pool, but the liner pool has helped to bring the price down to more affordable levels. Basically, this is simply a prepared hole in the ground with a PVC lining.

It is not only the initial outlay which in the past deterred people from buying pools. A high proportion of the cost and effort involved has been in heating and in cleaning. When pools were a rich man's prerequisite, there was usually someone about to do the cleaning chores. Now there have been considerable developments in both filtration and water chemistry as there have been in the development of heat pumps.

But even the pleasures of the essentially non-consumer swimming pool have been translated into more marketable products which give the same health benefits but can be fitted into a smaller space and given some sort of brand recognition.

The spa and jacuzzi market has grown from almost nothing to an estimated value of £7.5m in the course of a couple of years with installed sales of about 5,000 units and an annual sale of at least 1,500 units.

Chris Mansell

Anne Morrow

Swimming Pools

How to make a splash

IF YOU WERE to ring the Health Education Council and ask, "How can I get fit?," the answer would be, "Swim." As a form of exercise, swimming earns a star rating in each of the HEC's three goals—stamina, suppleness and strength.

All over the country public swimming pools are operating before and after work opening hours to cater for the increasing numbers using regular swimming as the path to fitness. At Parkside Pool in Cambridge, the staff call them "swoggers" — the aquatic equivalent of the joggers clocking up their quota of laps of Parker's Piece outside.

Today, most non-swimmers are aged 40 or over, and a growing number are signing up for adult learner's classes, as often as not prompted by their children's prowess in the water. Although not legally a compulsory part of primary school education, by the age of 11 most children have mastered swimming. They are starting earlier; mother and baby classes are thriving and more thought is going into the provision of pools for the very young, who require particularly shallow, temperate waters.

As an activity, swimming is sociable. Unlike many sports it knows no age barriers, being essentially non-stressful and non-competitive. Furthermore, the ability to swim is a prerequisite for a host of other sports—sailing, windsurfing, canoeing and subaqua among them.

These human factors form a healthy background to the continued growth of the swimming pool industry. A recent estimate puts the total number of pools in the UK close to 160,000. Of these 2,500 are owned by local authorities; 7,300 by hotels, health centres, clubs, schools and colleges; and 1,600 are private.

New pools are being installed at a rate of 5,000 per year, spas at a rate of 1,500 and "bolt-on" spas (using existing domestic baths) at a staggering 20,000. According to the Swimming Pool and Allied Trades Association (Spata), this represents an industry worth approximately £400m annually—a figure covering energy and chemicals consumption, maintenance and refurbishment as well as building and materials.

A forecast for the next 10 years expects a turnover in excess of £4,000m with £750m spent on pool installation, £75m on refurbishment, £1,000 each on energy and chemicals and £1,500 on equipment and accessories.

Spata—which represents a useful starting point for the would-be buyer—is keen to dispel the exclusive, Hollywood image of the swimming pool—large expanses of water set in acres of grounds bathed in constant sunshine. With professionally-built pools starting at £7,500 and DIY kits even more affordable, the market is by no means confined to affluent ABs, it maintains.

Spata provides free-of-charge booklets giving names and addresses of its 240 members and general information on choice of pool. It recently launched a free consumer protection scheme guaranteeing pool completion in the event of the installer going out of business linked to a six-year guarantee on pool structure and one-year on pool equipment.

The consumer faces a widening choice in product and price range—from the expensive top quality tiled pool to above ground splash pools, among the most ingenious being inflatable versions with sides designed for children to bounce on.

The prospective buyer or supplier who really wants to do his homework can visit the International Swimming Pool and Leisure Show, open to both trade and non-trade visitors (next show at the National Exhibition Centre from March 5-8, 1987). Here are to be found exhibitors from the burgeoning market in spas, whirlpools, steambaths and sunbeds as well as the more conventional swimming pool.

One of the main trends apparent in the swimming pool sector is towards putting a roof over the swimmer's head, keeping rain and pollution out and heat in. Manufacturers account last year's disastrous summer for much recent demand.

Indoor pools—usually built on to the side of a house—provide year-round swimming but are expensive, a brick-built building costing perhaps £40,000. A larger market exists for bubble-like enclosures covering existing or newly-installed pools which can extend the swimming season to

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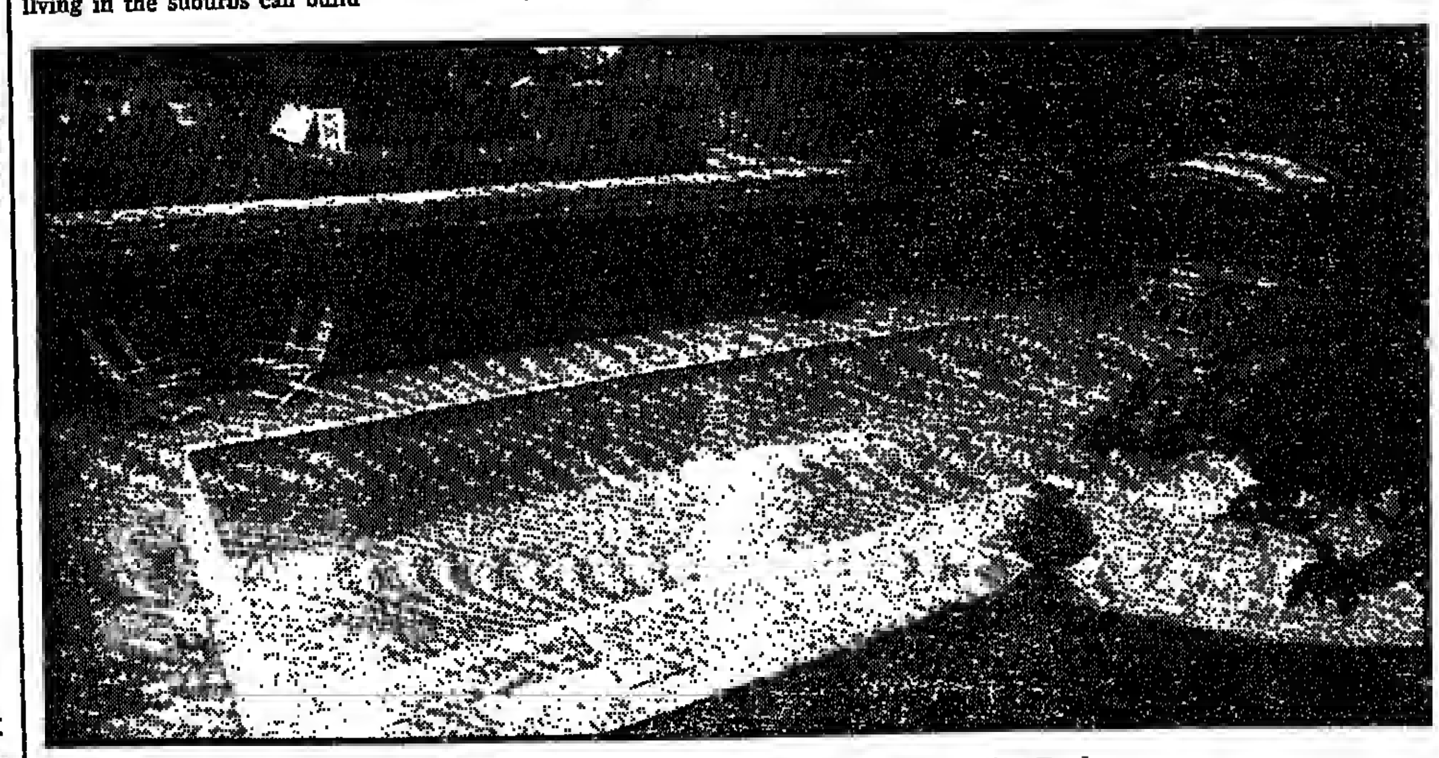


An outdoor pool erected by Golden Coast Swimming Pools

Garden Furniture

Search for quality

JUDGED BY the sales of garden furniture the average British buyer is either something of a masochist or an eternal optimist as sales continue to soar despite last year's poor weather. True sales were aided by two very good summers in 1982 and 1983 and the bulk of buying is usually in spring when optimism prevails.

This year looks like being no different but there are discernible trends, such as sharply rising sales of barbecue sets and a gradual movement upmarket to better quality garden furniture.

Many of the basic products, such as a table and chairs, may start as "impulse buys" as garage forecourt sales but when replacements are necessary the buyer moves upmarket and shops around more carefully.

So although the bulk of volume still accounts for basic products these are losing ground to the more fashionable patio furniture, wooden tables and chairs and heavy duty metal products.

According to a report by Mintel a flood of imported products now account for 60 per cent of the value. In the UK, Aronstead is the largest manufacturer. The company, which was subject to a management buy out about two years ago, supplies a wide range of stores from Tesco to the John Lewis Partnership as well as many Woolworth branches, the House of Fraser and Boots. Mr Peter Dyer, sales director, confirms that buyers are moving up market to a more expensive product.

Most garden furniture sold in the UK, especially the folding type, is made of tubular metal, either zinc plated steel or plastic coated aluminium alloy. Although reasonably weather resistant this type of furniture should not normally be left outside for rivets can become rusty.

Over the past few years there has been a slow but steady move towards synthetic resin which is virtually unaffected by the elements. It combines strength, lightness and durability with a wide variety of shape and form. Maintenance is simple. An occasional cleaning to remove general dirt is all that is needed.

One reason it is not cheap is that the mould, say, for a chair can be up to £500,000. This sector is dominated by major European manufacturers in France, Germany and Holland. One British company, Nova-Emu Gardentime is breaking into this market this summer and hopes to create a distinctive demand in both the home and export markets. It has designed a starter table of 1 metre which can be increased in size with the addition of 60 cm extensions, a boon for dealing with unexpected visitors. This table and chairs to match are likely to be introduced on the domestic market this summer.

The most characteristic British style of garden furniture is made of teak or iroko hard wood and has the big advantage of being able to be left outdoors permanently. Its appearance and durability benefit from an occasional sponge down with soapy water and application of suitable oil. But pine furniture is becoming as popular outside as inside the house, partly as a result of Scandinavian designs.

Cane, willow or bamboo furniture is also in demand with its suggestion of a sub-tropical climate but is clearly not intended for permanent outdoor use. It looks at its most elegant in a well-constructed conservatory.

The use of a conservatory, of course, brings a new dimension to leisure in the garden because activities can be carried on without worrying too much about the weather. Today designs are available to provide simple lean-tos, rectangular, semi-circular or octagonal shapes. They are available in a wide range of materials and some companies specialise in individual design, based on a modular system of construction, which will blend into any kind of house from Georgian mansion to simple cottage.

It is even possible to have a conservatory fitted on to a balcony. And many of them are virtually maintenance-free.

Barbecues, too, are extending their range. The great majority are charcoal burning but increasingly sophisticated gas and electrically-fired models are coming on to the market.

Portable barbecues are the cheapest and are best-known in the market by the name "Hibachi" which is not a brand name but the Japanese word for "firebowl." They are usually made from cast iron but steel is increasingly used.

There are even brick-built barbecues for a permanent base which anyone with the slightest bricklaying skill can build by following instructions from companies selling equipment which can be used with many accessories.

Kettle barbecues are supplied with a lid, enabling large joints of meat to be cooked in addition to grilling. They can be bought in round, square or rectangular versions.

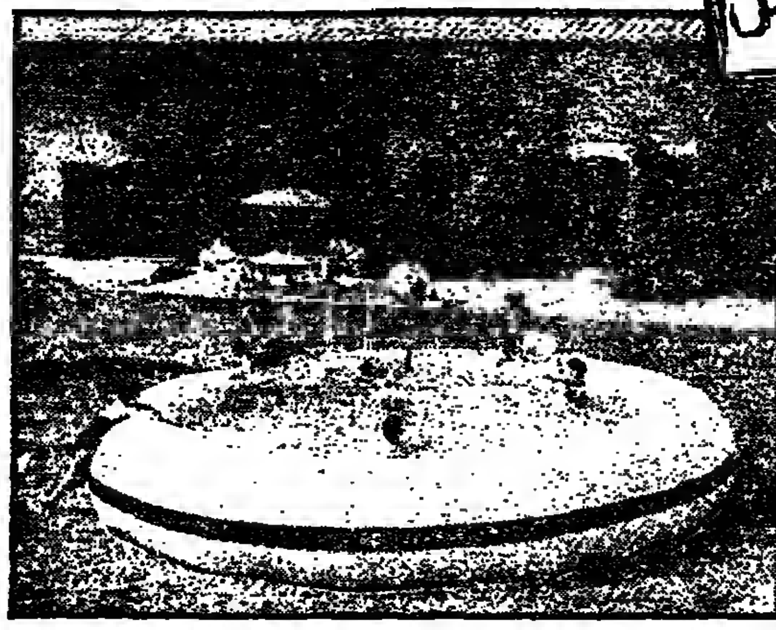
Gas barbecues use bottled butane or propane as their fuel. They are expensive but are easy to light, use and clean and have the advantage of being able to be used in, say a conservatory where it may be necessary to hold the barbecue when rain threatens.

The price range is wide from under £10 to over £400 for a handsome gas barbecue fitted out with every luxury for the budding chef and even a wine rack.

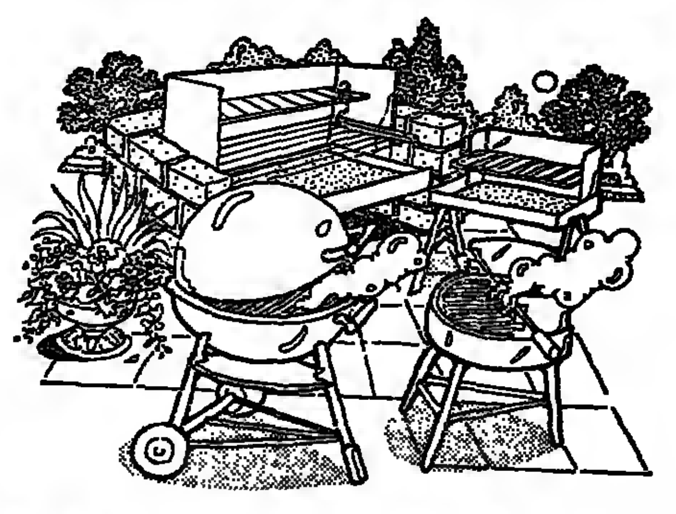
Not every garden is big enough to include a play area designed specifically for children but those who have will find a wide range of climbing frames and games on the market and, where a swimming pool is available, a marvellous array of pool inflatables to prevent boderdom setting in. But a word of warning such things act like a Pied Piper for every other child in the area so adult supervision is essential and that could cut down on the actual leisure.

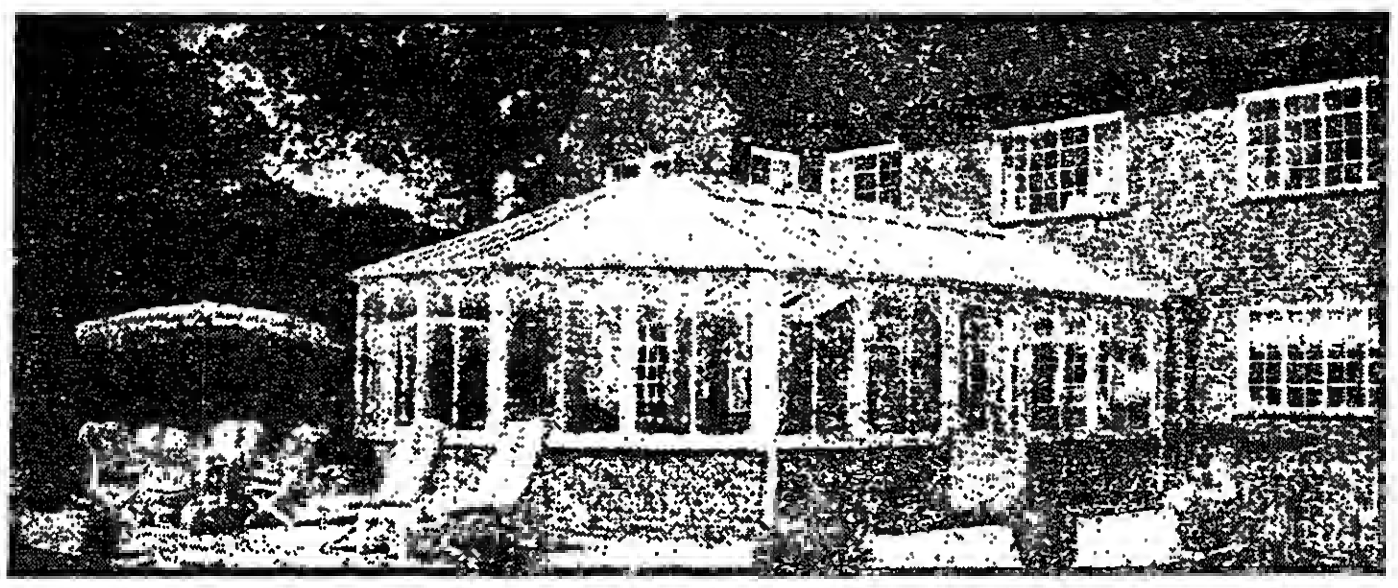
For those uncertain of their needs the Leisure and Outdoor Furniture Association (Tel 01-390 2022) is a useful organisation to know for as well as providing a list of trade members and their associated products can also advise on assembly and general care and maintenance.

Arthur Dawson



A large inflatable swimming pool is ideal and safe for youngsters. Above (right) Nova-Emu Gardentime's synthetic resin table and chairs. Right: different types of barbeques





This modular/special conservatory measures nearly 20 feet by 30 feet and was designed by Amdega to *harmonise with the house*

How to make a splash

CONTINUED FROM PREVIOUS PAGE

nine months. These consist of reinforced PVC, polycarbonate or toughened-glass supported on a galvanised steel frame, and can be movable or permanent.

Permanent structures start at roughly £3,000 and domes at approximately £2,000.

Running costs—energy and chemicals—for a private pool generally fall between £250 (no heat) and £1,000. A cover which floats on the water while the pool is not in use can cut down heat loss by 50 per cent and pay for itself within a year—it may also have the bonus of a solar effect.

Sales of solar heating panels are rising—one specialist supplying up to 4,000 annually—reflecting concern with energy costs. Heat pumps, which recycle energy, are widely seen as desirable in reducing bills.

One of the chief fears of the pool owner in the past was going away for the weekend leaving crystal clear water only to return to pea green soup. The recent scare about the level of infection in some whirlpools focused on the need for vigilance on the part of the owner/proprietor—but neither problem need arise.

Modern chemical application systems save time and improve accuracy so that maintaining an indoor pool can take as little as 40 minutes per week and an outdoor pool not much more. Investment of just over £1,000 in a computerised system can take much of the worry and work out of the owner's hands.

All suppliers stress the importance of adequate levels of chlorination—eye and skin irritations are a product of too high, not too low, dosage. Technology has brought automatic pool vacuum system which not only clean the bottoms of pools but the sides as well.

Constructional materials have improved too, in terms of longevity and aesthetics. Mosaic and tiled pools remain at the top of the market, followed by concrete composite materials.

The latest lines are printed with a mosaic or tile pattern and have improved resilience to wear and high water temperature (up to 90 F). Liners have an average life expectancy of eight to ten years but the cost of replacement—£1,000 approximately—is not considered a major disadvantage.

Just as in the public pool sector, where conventional pools far outnumber leisure pools, most private pools are still rectangular, although imaginative free-form shapes such as kidney, pear and oval outlines are increasingly popular. One Spata member recently built an egg-shaped pool, a stylish piece of marketing and visual fun—his client was a manufacturer of decorative wooden eggs.

Alexandra Buxton

Gilding the lily

Robin Lane Fox visits Chelsea with the Sloane-Wallys

IF YOUR LEGS are still aching, you will not need to be reminded that the Chelsea Flower Show has just ended. Nowadays there are two shows: one is inside the tent where nobody pays to rent their stand; it will take me at least another week to sort out my impressions of the magical display and digest the advice which the growers give so generously. Outside the tent there is another Chelsea, which grows more varied yearly. Here exhibitors pay quite heavily for their presence and even more to blazon their name; it cost Fabergé over [illegible] to build a little garden for the week.

My own taste may be unrepresentative, so I have been helped by the reactions of two old friends, Julian and Veronica Sloane-Wally, who came up from Sussex to London (and, in response to inquiries, have also moved from the Wednesday to the Saturday FT).

In [illegible] the Sloane-Wallys made a bold, ill-timed, move from Onslow Gardens to their mock-old Rectory in rural Sussex. The garden was the main reason for going.

It has been a very cold winter for gardeners, especially for those who have been left to look out across the new prairies of their neighbours' arable farms. Spring, however, has a poignancy too, as the Sloane-Wallys found when coming up to Chelsea on Tuesday, using the borrowed ticket of an obliging aunt and uncle.

Now, Veronica realises, there can be no going back. Two years ago they sold the London house to a French banker, who is currently reselling it at one-and-a-half times the price. But the Old Rectory garden could do with a facelift, so this year they decided to buy themselves out of the teething-troubles which still beset the garden after two years.

Frankly, it needs height, to break up the rather level surface of the garden. Julian's pergola of white lilac is growing very tall, but he begins to see that the point of a pergola is that flowers should point downwards, not upwards. Height is not really to be found in the Main Tent at Chelsea, so they made for the outdoor gardens in search of it. They both know better than to bother with the *Daily Express* prize-winners; orange Lily Enchantment simply does not go with Golden Larch fencing panels. They did not fancy the three feeble fountains in the Halifax Building Society terrace, and Julian would never touch its tufted dwarf peaches even if a branch manager pushed them at him on a zero mortgage. The Fabergé garden was using the same floor pattern as the lino in the Sloane-Wallys' kitchen. It also had some spectacular bay-trees with stems like twisted candy-sugar, but when Veronica heard they cost £1,250 each, she had to rule them out.

Julian had been hoping to find a decent statue to solve the problem. The most prominent was in the garden of a new exhibitor, British Rail, amid a curious patch of unmown grass. When he saw the life-size terracotta statue of a BR porter in resting position, Veronica thought for an awful moment that he would take revenge for the winter's commuting and assault it. It turned out to be a portrait of the flower-loving station master at Sinke Mandeville, but there was no way it would find a home on the Old Rectory's lower terrace.

The Gertrude Jekyll garden by Merrist Wood was not much more of a help. The Sloane-Wallys had never realised before that she was so fond of yellow brick walling.

It looked like a blank afternoon until they found Christies' 18th century garden. Veronica was slightly surprised by the pamphlet which explained that Christies and the 18th century were the essence of England and that their supplier Roses du Temps Passé was the only old-rose specialist in the country, when there were two much bigger ones just inside the tent. For the second time on Tuesday, she realised how little she knew about garden history. She had never realised that the 18th century liked quite so many fairy pergolas and curving beds of border plants.

Christies' did have some old and passable urns and seats.

Prickly patch: cacti and succulents from Duthie Park, Aberdeen

They also had price guides before being auctioned; another feature, doubtless, of 18th century gardening. But Veronica was not up to £1,500 for a rustic seat. At this point Julian returned from buying a aerobic composter and a thing called a Weasel, imported from West Germany, which is said to run rings round all other hoes. They were about to give up when they discovered the Haddonstone show.

Round the pond there were some long neck-necked lead flamingoes on equally long legs which they snapped up for the Old Rectory terrace. Julian was very taken with the huge pillars of a classical temple, stained to an age-old tone with Haddonstone's special antique manure wash. While he was asking for measurements, Veronica found just what she had been trying to get the local blacksmith to run up when he comes to shoe the pony. Peter Jones: Shedlows of Suffolk were selling a tall birdcage of white wire on four legs which looked just the thing to stand before Julian's concluding arch of pillars.

Inside the tent the only way to survive is to follow the Sloane-Wally principle of going straight for the things you want. Veronica needs a second rose to mix with Princess Michael of Kent, which has lost some vigour since last spring. She did find from Mattocks a lively new Pam Ayres, or "Oxfordshire's poet."

For the foreground of the new birdcage she chose some big white hydrangeas from Hever Castle, not having realised that they could flower in May. Blackmore and Langdon had a charming lavender-blue Delphinium called Tiddles, and she finished off with a dozen of their big Begonia Charchane with very yellow flowers. They had kindly printed the prices on their labels, which was just as well as she had just tried to buy a small hardy Pleione and found that it cost £100 a bulb. At £8 each, the Begonias were a relief. Beneath the antiquated pillars they will be greeting the summer visitors with a truly golden hello.

Collecting

Check mates

THIS WEEK London has resounded with checks being made over the board and cheques being written out across the board. All this checking has arisen through a number of events connected with chess on show. First, the famous musical, already reviewed here by Michael Coveney. Then the Greater London Chess Festival organised by Chequers (18 Chalk Farm Road, NW1), London's unique chess café.

More specifically, at grandmaster level the UK-US Chess Challenge has been played at the Great Eastern Hotel, Liverpool Street. This event, sponsored by Kleinwort Grieveson, pits the reigning champion of Great Britain against his American counterpart in a week's contest of eight games. It was played for the first time only last year, in the United States, when the British David (Nigel Short, then aged 19) convincingly beat the American Goliath (Lev Alburt, formerly of the USSR). Alburt retained his US title, however, and came over to our side of the Atlantic this week where he faced Jon Speelman in a fascinatingly tactical set of games.

This adult challenge was reinforced by a juvenile one in which two nine-year-olds, Alex Chang of Virginia and Demis Hassapis of Finchley played each other, and Alex's 11-year-old sister Angela played Cathy Haslinger of Hayes, Middlesex.

You soon find yourself caught up in it; and if after a while the heavy silence of the playing room becomes oppressive you have the option always of a change of venue — the commentary room where on another demo-board the game is being analysed move-by-move by different masters each day.

Apart from their use in actual play some chess pieces are beautiful objects in themselves. It is a universal game of immemorial antiquity for which the skills of the finest carvers in both east and west working on ivory, bone, wood and other materials have been employed to fashion pieces and boards. The familiar Staunton design, named after the English chess master and Shakespeare scholar, only became standard for tournament play in the 19th century. It is this aspect of chess —chessmen as part of history and as ornaments that has also been much in evidence this week.

Chess Collectors from all over the world have gathered in London for their second ever congress. Chess Collectors International was formed two years ago by a Michigan doctor, George A. Dean and a group of enthusiasts who held their first conference in Florida. Earlier this week they descended on London in force staying in South Kensington a few squares away from the V & A which mounted a special exhibition, Chess in Art and Society, in their honour and held a series of lectures on chess matters. The Rembrandt Hotel was the scene of a lively bazaar, with ornamental and antique chess-sets, for sale in the middle of which the German grandmaster Lothar Schmidt struggled to give a simultaneous chess display.

The auction houses responded to the challenge with equal enthusiasm. Phillips managed to assemble more than 80 chess sets for a marathon sale on Tuesday: a rare amber German-designed set of the 17th century fetched £17,500 bought by a German gallery; an English glazed stoneware "Castleford" set of the early 19th century in which George II and his queen are represented made £1,800; and an English 19th century "barley corn" set went for £950.

Vizagapatam ebony and ivory chess table, and ivory and horn chess set: part of Asprey's display

At Christie's in King Street a Russian porcelain 'propaganda' set (pawns with hammer and sickle) made £5,400; while at Christie's, South Kensington, a Staunton ebony and boxwood set of tournament size sold for £600.

Not to be out-done, Asprey's has mounted its own exhibition, Chess For the Collector, which is well worth a visit. It contains some splendid sets from the past in perfect condition. Some of these are for sale. If you missed the auctions and you want a set you could probably pick up one to your liking from between £350 to £1,000 (some cost vastly more) and an inlay 18th century gaming table on which to display it for around £2,000. These values may seem high but I think they are going to seem low in a few year's time. The boom in antique chess sets seems as if it is just about to take off.

Anthony Curtis

Anglo-Hellenic state of grace

THE BRITISH School in Athens is celebrating its centenary this year. It is our centre in Greece for archaeology and Hellenic studies. Founded in 1883, it opened its first building in 1886, an attractive neo-classical house, in a field given by the Greek Government. Now the director's house, it is a rare survivor of old Athens among the marble-clad apartment buildings of Kolonaki, the smartest part of the city.

The large garden has the apparent calm of our old universities. At the bottom of the garden is the Macmillan Hostel (named for Lord Stockton's uncle George Macmillan, one of the school's founding fathers) where the students—aged from 18 to 80—live and work.

Inside the tall doors with their polished brass is a hall with polished floor. The Queen and Prince Philip look at the newcomer from either side of a war memorial. The young and not-so-young move between library, common room, offices and their own rooms. It may seem part of an imperialist cultural past, a view which would be reinforced by old photographs of the students or of British excavators having tea under the Lion Gate of Mycenae or in the palace of Knossos. These may be seen in *A Scent of Thyme*, a commemorative exhibition now at the Manchester Museum (till June 21).

But the appearance of a comfortable British club abroad masks what really happens. The Fitch Laboratory behind the hostel has been there since 1974. The Manchester exhibition shows how we recover the ancient economy by water sieving: putting the excavated earth through bubbly water so that seeds and pollen rise to the top to show what made up early agriculture and flora. It is easy to compare the results with farming in Greece today.

The laboratory gives a new dimension. It is a leader in analysing pottery to find its source from the chemical composition—principally the trace elements—of the clay. Often one cannot say where by eye alone just where vases were made, in which Cycladic island for instance, which can be good evidence for ancient trade when they are found abroad.

A large programme of anlyses will give a truer picture, at least in chemical terms. The regular analysis of metal finds says much about ancient technology and metal exchange, even in tin which was an essential ingredient of bronze.

Is anything wrong with this scholary state of grace? One danger is always that Athens and London, where there is a managing committee, will have different views. More serious is if relations with the hosts go wrong. Little Englander Us and Them attitudes may surface, to the detriment of the guests in Greece. If foreign archaeologists are true to themselves, unpretentious but not cold, they should succeed in a country where people are quick to spot sham.

The strongest evidence against a complacent view is not scientific analysis, but the sheer amount of work done over the century, and the love of Greece, and a pragmatic approach to explaining the ancients. This comes from having lived and worked, walked, danced and sung, in a country where in many ways prehistory ended quite recently when the internal combustion engine became widespread.

The love and involvement in the country, and the inability to separate ancient and modern, explain why so many students of the school—it is a body in which you never cease to be a student—were on special missions in Greece in World War Two. Archaeologists are ideal, speaking the language, knowing the country and way of life and trained to make reasonable inferences from usually inadequate evidence. T. J. Dunbabin even found time for research. He published an article in the school's annual after the war on sites he found in Crete in time off (as it were). He is a hero there.

Another hero in Crete is John Pendlebury, who died in May 1941. This was not so much for what he did in the war since it had reached Crete only a few days—and the school had even been digging at Knossos in December 1940—as for his fast walking, keen eye for sites and complete integration into the Cretan heroics life.

Archaeologists' hero: John Pendlebury

The director and staff combine research (their own digs, surveys and museum work), teaching and administration. It is an unwieldy load. As in the other foreign schools, they negotiate for their nationals—and the Commonwealth students and others from Eastern Europe and Japan who come to us—for the permissions that are essential.

Requests go to the Archaeological Service officers—part of the Greek Civil Service with no precise British equivalent—in Athens and the regions. Called Ephors ("overseers"), they have the same problem of trying to research and, at the same time having a mass of administration, as well as endless rescue digs.

What of the future? It will still be the practical work of tramping across hills, digging trenches and holding antiquities in the hand to describe and draw them. It is the only way to learn. Collaboration with Greece will grow, mightily. The school's centenary appeal is to raise money for the library, used by all the archaeological community of Greece, and to endow bursaries for Greeks and Cypriots to come to Britain for research. They are causes that can do nothing but good.

It is an odd, lovable institution. I have been part of it for 25 years.

The British School at Athens, 31-34 Gordon Square, London WC1H 0PY, and Odos Souedias 52, Athens 10676.

Gerald Cadogan

Red sky lies

THERE USED to be a retired shepherd in the village, and in those pre-war days he was a fount of weather wisdom. Before I started any serious farming operation, such as hay-making or even taking the family to the seaside, I would consult him about the prospects of rain or shine. There were, of course, radio forecasts even then, but they never carried the conviction of George's predictions.

His forecasts could be long- or short-term. In spring, the oak coming into leaf before the ash would mean there would be only a splash of rain; if the reverse, there would be a soaking. On this basis, I would say 1986 could be a dry summer as the ash is very backward.

Then there was temperature. He would say it all depended on wind direction on quarter days (such as March 21); if a howling easterly was blowing at noon that day, there would be a long, cold spring lasting until June. It was the same on December 21 for winter prospects.

For the shorter term, George would have a formula starting out with the new moon. If it came in on its back, it would herald a dry period: for the moon cycle, I suppose. But if it came in as a thin vertical crescent, it would pour water down to earth and it would be no good starting anything. In the same way, a waning moon was an inauspicious time for new projects.

George did not hold much with the old saying that "red sky at morning is a shepherd's warning"—meaning that rain lies ahead. All too often, there can be some lovely red morning skies, particularly with an easterly wind, and it just dries harder than ever. A red sky in the evening, though, is a pretty good indication that it could be fine; but again, you have to watch the wind direction. Should it be in the south-west, the red sky could be heralding the approach of a thunder system.

George's main forecast of change was the way in which the wind behaved. If it went round against the sun—say, from south-west to east—it could mean that it would settle down from that direction; but if it changed haphazardly through north to east, it was pretty unreliable and forecasting was a matter of the greatest difficulty to be done on a day-to-day basis. Which, of course, was a way of ensuring the attention and perks with which his advice was rewarded.

He was no great believer in the saying that a mass of berries forecast a hard winter; the bees don't know what is coming, he used to say, and the bees do the pollinating. Nor did George claim to being able to influence the weather: that must be left to a group of Indians in Southall, West London. During the great drought of 1976, they were filmed in a rain-making ceremony that opened the heavens in fairly short order.

I, too, have had some success in that direction. During January the editor, who had seen a bee in London's Hyde Park on a Sunday, asked me to go to the west of England to report on the approach of spring, which he felt was imminent. I warned him that this would be tempting providence at so early a date, but he was obdurate, so, I journeyed to Cornwall, noting the daffodil buds and the primroses and so on and wrote a pleasant, anticipatory article. As we all know, February was the coldest of this century and the effects still linger.

Cause and effect? Perhaps. But at the end of February I wrote detailing the horrors of that month, and was rewarded by a change in the weather—a south-west wind and a little more warmth.

John Cherrington

Bedding out need not be vulgar

Arthur Hellyer sings the praises of colour co-ordination

YOU WOULD think, from the way some people talk, that "bedding out" meant doing something horribly artificial and garish with plants. In fact it means no more than planting for a limited period with the intention of throwing away the plants after that or keeping them somewhere else for the rest of the year.

It can be used to create elaborate displays such as can be seen in public parks and some big commercial gardens. Chester Zoo's Victorian style bedding out, for example, attracts huge crowds from all over the Midlands. By contrast owners of tiny front gardens use bedding out to keep the place bright in spring and summer. Those who have larger gardens find it useful for filling gaps or extending the colour schemes and flowering periods of permanent planting.

In any garden, great or small, bedding out can make the difference between having a lot of colour all the time from April to October or having only a few patches of gaiety interspersed by long periods of reliance on greenery. There is certainly no reason why bedding out should be vulgar or in bad taste. At the moment there will be plenty of summer bedding plants about in shops and garden centres and some very beautiful things will be among them.

For my part I have little use for the big African marigolds which look like highly coloured sponges but I have a good deal of respect for some of the small French marigolds which offer rich shades of bronzy crimson found in few other plants. I particularly like the single flowered varieties such as Naughty Marietta which do not look in the least artificial, mix well with other plants and flower non-stop from the moment they are put out in late May or early June until frost brings them to a halt in October.

For much the same reason I am also very fond of antirrhinums. They look natural and associate well with more permanent plants and they have the added advantage of a much wider colour range with some particularly attractive shades of pink, yellow and crimson. There are also vivid reds and tangerines that can be immensely effective but need careful placing. Penstemons flower in much the same way and are both a little hardier and more perennial so that in many sheltered gardens they can be regarded as part of the permanent planting. But they are also excellent as bedding out plants to fill the gaps or help to strengthen the display. They are readily raised from seed and I am glad to see them returning to the market in considerable numbers.

Osteospermums or dimorphothecas, whichever name your supplier uses, fit into this same category of perennials so readily grown from seed and, for the most part, so unreliable outdoors in winter that, except in sunny well drained places, it is usually best to regard them as bedding plants. Names are confused and nurserymen are sensibly leaving out the botanical bits and relying for identification on garden names such as Glistening White, Tresco Purple, Blue Streak, Whirligig, Pink Whirls and the new Starshine.

The parents all originate from South Africa and my experience is that the white, blue and light purple varieties all flower non-stop from May to October but the deep purple kinds take a long break around mid-summer. I regard these as the most elegant of all daisy flowers with the exception of gerberas which are for greenhouse use only.

Petunias are very good in a sunny place and a warm season but can get very woebegone if it rains a lot. The Resisto varieties are so called because they are said to stand wet better than most. The one that does it best of all is Resisto Rose but this is a fairly raw pink, the kind of colour I rather like if there is plenty of green around but which many people find harsh and objectionable. There are plenty of much softer pinks, lavenders and purples and also some horribly brash combinations of red or purple with white.

I find scarlet salvias rather hard on the eye but I do like scarlet geraniums which may seem inconsistent. I rationalise it by pointing out that geraniums have interesting leaves and shapely flowers which salvias do not. But I still prefer pink and white geraniums except those reds which tend towards crimson, a colour that nearly always seems easy to place in the garden.

Much the same can be said of verbenas. These are also perennials which are so easily and satisfactorily raised from seed that this is the way they are almost universally grown today. They are natural sprawlers excellent for use as ground cover either on their own or between other plants but not in the shade where they fail to flower freely. For that purpose there are no better bedding plants than the modern impatiens, the old Busy Lizzie brought up to date with new colours and a dwarf, spreading habit.

When I visited the Stoke on Trent Garden Festival a few weeks ago by far the most effective flower colour came from pansies, great beds of them, some in separate, some in mixed colours. All were of the Universals strain which starts to flower very early and so is somewhat optimistically classed as "winter flowering" but there are equally good summer flowering varieties such as the Clear Crystals which, together, put these homely flowers into the top league for continuous flowering.

هكذا من الاصل

Something superior for a spring-cleaned interior

Lucia van der Post

HOW TO SPEND IT

The Interior Design International Exhibition unveils the shape of things to come—but only to select eyes. How to Spend It offers pointers...

JUST AS the brighter spring light begins to make our houses look a little dingy and in need of some fine tuning, one of the best annual exhibitions given over to interior design takes place. It would seem like happy timing but there had to be a snag and it's a big one—the public is excluded. All the pretty room-sets, the new ways with tiles and fabrics, the avant-garde furniture, the beautifully-laid out gardens, the ranges of ceramics and earthenware, is for the eyes of the trade only.

It's a great pity, for the annual Interior Design International Exhibition (held last week at Olympia) is the best exhibition of its kind and it would be the perfect opportunity for those looking for new paints and finishes, new decorating ideas or just a length of fabric, to find the very thing.

Through the trade, of course, almost everything on show will eventually be available to us all and shown here are a few of the new things on offer this spring—almost all gleaned from the exhibition.

Osborne & Little, did not take its wares to the fair. It prefers to show them in its showroom at 304 Kings Road, London SW3, though its papers and fabrics are, of course, available through interior decorators and good decorating shops all over the country.

For years now, Osborne & Little has been one of the most forward looking of the paper, paint and fabric companies, offering a strong individual handwriting. What is new and interesting for fans is that the company seems to be taking the first steps towards offering a complete life-style package, branching out into sofas, chairs, ottomans, dining chairs, and a collection of bed linen (duvet covers, flat and fitted sheets, valances and pillowcases). The designs could hardly be said to be revolutionary but they would fit easily and comfortably into many homes.

The library chair and ottoman are two particularly useful pieces and although there is nothing new about sheets or duvet covers, they come in exceptionally attractive colours (all very soft, including pale grey, sienna, coral, brown, blue and oyster) trimmed with a chic striped border. There are, naturally, existing fabrics and papers which co-ordinate with the sheets and the upholstered furniture can be covered in any of the O & L fabrics.

Besides the furniture, there is now also a range of carpets—called Spice—which come in 10 colourways, all in 100 per cent pure new wool, all designed with a three-tone stipple effect. These, of course, also co-ordinate with much of the O & L range.

The library chairs are about £357, the three-seater sofas about £1,085, each excluding fabric, while a double duvet cover in pure cotton at £59.

Then there is a range of accessories to complete the look—table lamps shaped like obelisks, ginger jars, cannisters or candles, quilts and throws. More are on the way. Watch out Habitat, Designers' Guild, Laura Ashley et al.

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One of the most besieged stands at the Interior Design International exhibition was a small but totally beguiling one put together by a small antique shop in North London—Putnams Antiques & Textiles of 72 Mill Lane, London NW6. Its owner, Antoinette Allsopp has been a collector of blue and white china for many years and when she was doing up her latest house she despaired of finding any fabric to do justice to it. She hit upon the idea of transferring the traditional blue and white patterns normally found on china, onto fabric and the result is one of the freshest, most delightful collections of fabric I've seen in many a long year. See sketch far left.

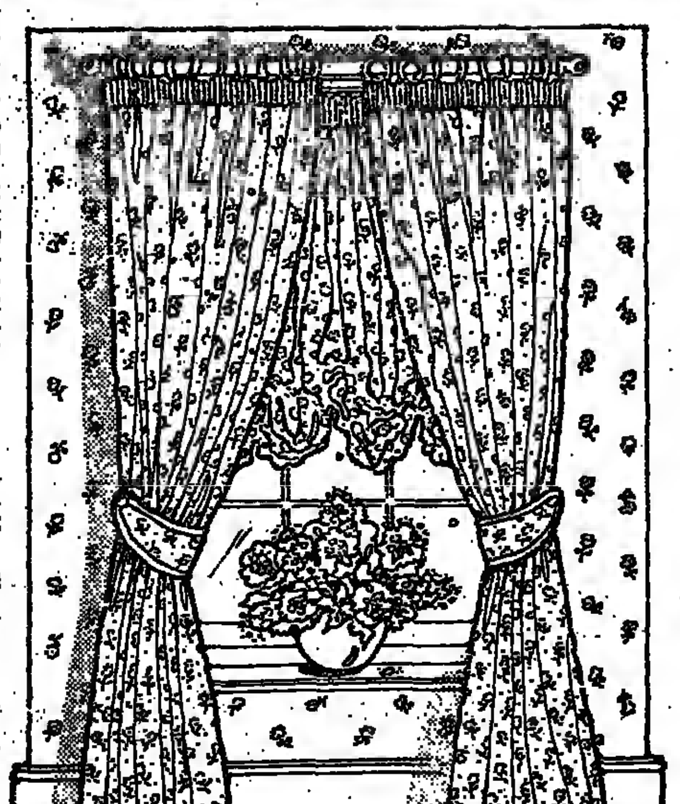
There are eight different fabrics, all made from 100 per cent cotton and all, according to Mrs Allsopp suitable for upholstery, curtains, tablecloths (and clothes). Five are entirely in blue and white colourways but three have been printed with equally traditional china patterns but in other colourways—there is one in pink and grey, one in green, red and blue and the last is terracotta and cream. All are totally enchanting and would be the perfect background to collections of traditional pottery.

All will sell at something between £9 and £15 a metre (five are £12 a metre, two are £9 a metre and one, Folly, is £15 a metre). For the moment they can only be seen and bought at the shop but so profuse were the orders that in about five weeks time there will be sample books and order forms in many interior decorating shops throughout the country.

Also shown at IDI was some wonderfully simple and sturdy furniture designed by the Conran Design Group and made by hand in Heal's own cabinet-making workshops. Although aimed at the contract market, where design always seems to be way ahead of that proferred on the domestic market, the two pieces photographed here would look beautifully at home in a wide range of settings. The desk is of ash (but being bespoke, so to speak, can be ordered in any wood or finish, including a stain of any colour), is 2.1 metres long by 950 centimetres deep (though again of course it can be ordered in any size) and costs about £1,400. The elliptical table photographed right is of oak (or any other wood of your choice) and though designed as a conference table would make a splendid domestic dining-table. At 2.65 metres at is longest point by 1.5 metres deep, it is £2,600. Both pieces are to order only from Heal's Contracts, 22-24 Torrington Place, London WC1.

Shown top right are some stunning new lights by Atrium. Designed by Gilles Derain, made from aluminium and steel, they come in black or white, take Halogen bulbs and cost £396 each. Atrium is at Centrepoint, 22-24 St Giles High Street, London WC2.

A rose-tinted spectacle



Anne Morrow

Whatever Next: coming up roses

IT IS only nine months since the first Next Interiors was launched and a second collection of papers and fabrics is finding its way into the shops. The look this time is much softer, prettier with roses, roses, everywhere—in bud, in full-bloom, even blowsy. Personally I like it less than the original more sophisticated coordinated style but it does have a certain sort of faded English charm which no doubt will appeal to some.

What might appeal to many is the curtain and blind-making service, which, it appears not too many customers realise that Next Interiors offers. Roman blinds, frilly Austrian blinds (as in the sketch left) pinch pleat, pencil pleat or gathered headings are all on offer in any of the Next Interiors fabrics. If you're interested pick up the order form from any of the Next Interior shops.

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Sketched right are some of the most interesting tiles I've come across in years. Paris Ceramics of 543 Battersea Park Road, London SW11 sells a wide range of genuinely old and very beautiful tiles culled from cottages, manors, lodges and

chateaux all over France. There are white stone tiles from the Loire, there is black slate from Angers, there are terracotta tiles from Provence—all are beautiful, all have been cleaned and restored and are ready to use in kitchens, halls, in patios and drive-ways.

Prices start at about £50 per square yard for old tiles (this price includes the sealing and protection of each tile so that it will withstand wear and tear). Look out, too, for hand-made Spanish tiles at about £5 a tile and for charming blue and white Delft tones. For the full range you should make a point of visiting the shop.

LvdP

Wine

Raising glasses

THE Consumers' Association has again called on the Government to regularise, as with beer, cider and most spirits, the quantities of wines in a glass as sold by bars and restaurants. This is obviously right, and for table wines I believe that the quantity should not be less than three fluid ounces: slightly more than one ninth of the standard 26⅔ oz (75 cl) capacity of most bottles of wine, apart from the Germans; although in an attempt to con the customer into believing that a wine is cheaper than it is, much inexpensive beverage wine is sold in 24 oz (70 cl) bottles.

Scarcely less important for the enjoyment of such wines is the size and shape of the glass, whose purpose is to exhibit its contents to the best advantage in terms of colour, bouquet and flavour.

The point of using suitable glasses is not, it should be stated at once, attributable to the snobbery all too readily ascribed to wine drinking. It is definitely not a matter of cost: no call to use the precarious, highly-priced Baccarat glasses, nor the often attractive but inappropriately shaped types, designed and sometimes engraved by members of the crafts movement.

The first essential of a wine glass is that it should be of sufficient size to contain when half full a fair measure of wine: three to four oz. For one of the qualities of a wine, often passed over, is its bouquet; even with quite ordinary wines, although the finer the more distinctive. It may also tell one whether there is any fault in the wine before tasting. For this a glass is required large enough to swill round the wine without risking spillages on the table cloth, which preferably should be white so that the colour can be seen.

The worst offenders in respect of size are, of course the traditional tiny port and liqueur glasses that are commonly filled to the brim.

Yet fine port, vintage or tawny, has an incomparable aroma that should be appreciated without almost dipping one's nose into the wine.

It is not only a question of size but also of shape. The best is tulip-shaped, with an incurving brim that concentrates the bouquet. An alternative is a tall (c. 6 inches) straight-sided glass, large enough to hold a fair amount of wine for its rotation.

Wine glasses should be thin, for a thick edge to the brim is unattractive to the lips. For this reason alone the fashion in a few circles to drink champagne from tankards is to be deplored. A further reason is that one of the pleasures of wine is to see the colour, and in champagne to observe the pretty, ascending bubbles; and in such a receptacle the champagne seems to taste different. So all sparkling wines should be served either in a tall, thin slightly incurving glass or in a flute, for both display the mousse and contain the flavour. But the horrible commercial coupe's flat surface dissipates both.

Further, as a clear view of the wine may tell one about its age and drinkability, cut-glass types, however opulent they may look, should be avoided, although a cut stem is attractive.

On the other hand the large balloon glasses in which brandy is too often served are to my mind vulgar. They are most commonly to be found in restaurants, no doubt to impress diners at nearby tables. Fine cognac and armagnac develop in bouquet and flavour by being gently warmed, and this is best done when the glass can be encompassed by one hand. For this reason I favour the thistle-shaped glass (Berry Bros & Rudd, SW1, sell them). A small balloon is also acceptable. Unfortunately, outsize thistle-shaped glasses and large balloons are frequently on show in ostensibly grand French restaurants; not least in Burgundy. Yet a puddle of burgundy at the bottom of an over-size glass is a depressing sight.

If size and shape are important, there is no call to have the "right" glasses for different wines. Some favour smaller white wine glasses for fish dishes, but I see no reason for this, although they may be appropriate for sauternes and other luscious wines, where the quantity poured out will be relatively small. Smaller glasses may also be used for sherry, port and madeira, but I prefer the copita as this concentrates the aroma, and in default of a brandy glass the copita may be used to serve brandy. Otherwise a good sized-glass will do.

Surprisingly, the number of wine merchants who sell suitable wine glasses is small, but there are two or three excellent series. First are those sold by Berry Bros & Rudd. They are English handmade crystal, and the most useful large red one is rather like a jaffa orange with the top sliced off. This costs £2.95, as does a tall thin champagne glass.

A set of finer quality, handmade in Czechoslovakia of very thin glass and a long slender stem is the Classic; and there is also a larger Goblet size with an even longer stem, attractive for its larger bowl. They are sold by Amis du Vin, Chiltern St, W1, Averys of Bristol, Corney & Barrow, EC1, Harrods and Tanners of Shrewsbury. Prices vary, but the sets of six, plus post, cost around £45 and £50 respectively. The Swedish Orrefors glasses cost about the same, and are attractively thin. Harrods and Heals have them. A much less expensive Czech series is handmade but not lead crystal, and includes a good-sized slightly tapered glass for table wines. I must declare a marginal interest as they are sold, among other firms by the Wine Society, Stevenage, to its members at £14.94 per six, including post and packing.

Edmund Penning-Rowsell

MPs on tour around Britain

BRITAIN: A VIEW FROM WESTMINSTER
edited by Julian Critchley. Blandford Press £12.95, 255 pages

JULIAN CRITCHLEY, the Conservative Member of Parliament for Aldershot, has edited a book of essays by fellow MPs, past and present, about the regions rather than the constituencies that they have represented or, in most cases, still represent. Although it is a bit of a sentimental journey, heavy on nostalgia and romanticism, it is a pleasure to read.

It starts at the top of the kingdom with Lord Grimond on the Highlands and Islands and if one reflects on what a different book it would have been had the journey been the other way round, at least it ends with the South East where the writer is Teddy Taylor who would almost certainly have been Secretary of Stata for Scotland in Mrs Thatcher's first administration if he had not lost his Glasgow seat in the general election of 1979. He now makes do as MP for Southend on Sea.

Taylor has some interesting thoughts on the differences between life in the south and in the north. For example, in the north "authority was generally not questioned and the appropriate steps were taken to re-house tenants, compensate property owners—and send in the bulldozers. By comparison, in the South East, even a proposal to extend a grass verge produces the normal response of the local residents in holding coffee mornings in the Church Hall to fight the plans through to the High Court."

He also notes the roads. In the north they are supplied by public expenditure programmes designed to relieve poverty and to anticipate traffic increases that seldom occur. Yet such is the traffic in the south that motorists can "never be certain of reaching any particular place at any particular time."

Communications, roads and population movements are an underlying theme of the book. Lord Grimond mentions the Government's road-building programme to the north of Scotland after the rebellions of 1715 and 1745 and the fact that it took until recently to accomplish. John Cartwright, the SDP Member for Woolwich, complains that the River Thames, which offers a great broad highway into the centre of London for both goods and people, is "criminally under-used."

Leicester, we learn from Matthew Parris, until recently the Tory Member of West Derbyshire, used to be the wealthiest city per head in the Commonwealth. Bedford has, proportionate to its size, the largest colony of Italians and Buxton is the only town in the northern hemisphere where a crickt match has been snowed-off in June.

Several writers note the changes in population. St Ives was apparently once larger than Liverpool. Basingstoke now has 113,000 inhabitants against only 26,000 a generation ago. The population of inner London is now lower than at any time since 1841.

If the book exemplifies a trend, it is the great shift of resources towards the south since the late 1930s. But there are still pleasant stops along the way. John Smith, Labour's shadow Industry Secretary, refers to the recent renaissance of Glasgow and Neil Kinnock notices the sons and daughters of Japanese managers and technicians being "Taffyised" at the comprehensive schools of South Wales.

The book also includes perhaps the best statement of his views on Northern Ireland by Enoch Powell. Quoting Edward Carson, he writes: "I do not want Protestants to rule Catholics or Catholics to rule Protestants; I want both to be ruled by the House of Commons."

It is the diversity of the kingdom that stands out and the way that all the contributors appreciate it.

There remains one editorial peculiarity: the abolition of the question mark. "Is Geoffrey Boycott a good cricketer," a writer will demand, or: "What, though, is the North West," but there is never a query to go with it. After a while, one becomes used to it, but it was not previously known that Critchley is iconoclastic about punctuation.

Malcolm Rutherford

Julian Critchley: sentimental journey

Thinker who hated the self

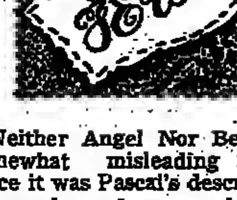
NEITHER ANGEL NOR BEAST: THE LIFE AND WORK OF BLAISE PASCAL
by Francis X. J. Coleman. Routledge and Kegan Paul. £17.95, 227 pages

THE FRENCH are an instinctively bellicose race, as their splendid literature reveals. Since the Renaissance it has rung with the voices of *impassioned controversialists*—Montaigne and Pascal, Voltaire and Rousseau, Claudel and André Gide—sometimes raised one against another, but usually giving vehement expression to a strongly individual view of life.

True, Pascal had been born more than 30 years after the death of his great opponent Montaigne; but he was keenly aware of the older sage's influence, which, on the whole, he thought bad, and regularly brought up his name; for to Pascal and his religious coterie, the Jansenists of Port-Royal, Montaigne was the nearly perfect type of "Natural Man," a thinker who could not look far beyond the limitations of his own existence, but had recommended that a man should remain true to himself, and seek to understand and harmonise himself; whereas Pascal declared that the separate self was odious — "le 'moi' est haïssable"—and that peace and certitude could only be achieved through a knowledge of Holy Writ and the believer's faith in God.

No such revelation had ever occurred to Montaigne as he meditated in the saddle — his favourite means of exercise — riding around his large domain. But Pascal had experienced a Pauline conversion on a Monday evening, November 24, 1654, "from about half-past-ten until about 12.30," which was so intense and luminous that, to describe its effect, he added merely the single word "FEU." At the time, he recorded it on a small scrap of paper that he sewed into the lining of his doublet, and replaced in every new doublet he subsequently acquired. There it was discovered a few days after his death. Meanwhile, this fiery visitation has transformed his whole mentality. It seems never to have been far from *his thoughts for the remainder* of his brief and restless life.

When a man renounces the world and its vulgar satisfactions, we are often tempted to inquire if he had really very much to lose. Pascal, on the other hand, was an unusually well-endowed character, the carefully educated son of a prosperous and pious family, who, at an early age, became a mathematician, a physicist, a theologian, a philosopher.



Neither Angel Nor Beast—a somewhat misleading title, since it was Pascal's description of unredeemed man, and therefore scarcely applicable to tha author's virtuous hero — is an interesting but, here and there, a rather puzzling book. The chief events of Pascal's life are summarised during the course of a short prefatory chapter, which, having noted that he died in 1662, contains a reference to the total destruction of Port-Royal des Champs, the monastery that provided his ultimate spiritual refuge, when, in 1709, Louis XIV, enraged by the Jansenists' intransigent devotion, ordered that a plough-share should be driven across its site.

Francis X. J. Coleman, we learn, is Professor of Philosophy at Boston University, and his study, his publishers tell us, is "intended for the general reader." But, although he writes gracefully, and supplies us, while he goes along, with a great deal of illuminating information, I fear that his method of arranging his material, may not always satisfy the comparatively uninstructed reader's needs. As Port-Royal played so important a part in the story, should he not have given us, for example, a fairly solid chapter about its strange origins and astonishing development? Why did it come to mean so much to so many different men and women, who, besides Pascal himself, included Racine and a host of lesser spirits.

Jansenism is one of those "isms" about which our memories quickly grow fogged; and here, I think, a little more detailed background, at its proper place in the narrative, would perhaps assist a reader. The Jansenist creed, which was derived from the commentaries an otherwise obscure bishop of Ypres, named Cornelius Jansen, had made upon the works of St Augustine, where he suggested no sinful man could escape damnation except through the heavenly gift of Grace, which God alone might possibly confer, seems as a dogma to have had no immediate connection with the rise and fall of Port-Royal. But it had stirred the soul of the saintly abbess Mère Angélique (whom her father had promoted to her position at the tender age of 11) and encouraged her to organise an ascetic regime that soon attracted many faithful followers. What they sought was a haven of spiritual repose, from which the outer world was rigorously excluded. It was this pervasive calm, rather than any question of dogma, that must no doubt have drawn Racine and Pascal.

That the author of the Pensées, in addition to his other gifts was a master of the French language has long been acknowledged by biographers and critics; and Professor Coleman does the imaginative writer full justice. He produces, however, an odd explanatory theory. Pascal's genius, he says, largely depends on his regular employment of a stylistic device that grammarians call the "oxymoron," and that the Oxford English Dictionary defines as a "figure of speech with pointed conjunction of seemingly contradictory expressions," citing Tennyson's picture of the adulterous Lancelot's relationship to the cuckolded King Arthur and whose "faith unfaithful kept him falsely true."

The Professor then goes on to assert that Pascal "translated almost all his experiences through the oxymoron," which enabled him to record his constant attempts to reconcile the angelic and the beastly aspects of the human disposition, and the opposing claims of faith and science. Though Professor Coleman proves elsewhere a quietly judicious [illegible], his statement that, "without oxymoron's artful aid," some of Pascal's most valuable work might never have been done, seems a rather wild assertion —the kind of theory that sounds impressive if thrown off in a lecture room to be picked up by an audience of eager students, but that looks somehow slightly less convincing when it appears upon tha printed page.

Peter Quennell

Test site people mystery

Fiction

STALLION GATE
by Martin Cruz Smith. Collins Harvill, £10.95, 287 pages

THE INNOCENTS
by Carolyn Slaughter. Viking, £9.95, 219 pages

FAREWELL TO THE SEA
by Reinaldo Arenas, translated by Andrew Hurley. Viking, £12.95, 412 pages

I'LL TAKE MANHATTAN
by Judith Krantz. Bantam, £10.95, 448 pages

STALLION GATE, in case anyone needs reminding after the Chernobyl disaster, is where it all began, the nuclear business. It was the test site for Los Alamos, an ancient Indian reservation earmarked by Robert Oppenheimer for the detonation of the first atomic device. A mysterious place, where everybody knew something important was in the wind, but very few knew what. A place where cows turned white overnight for no discernible reason and were unceremoniously destroyed, even the pregnant ones, a taboo practice to the local mescaleros.

Taboo also to Sergeant Joe Peña, a full-blooded Pueblo Indian, the central figure in Martin Cruz Smith's slow-moving new novel. Peña is a fighting man, full-blooded in every sense of the word, consigned to a military prison for seducing an officer's wife, until rescued by Captain Augustino, Los Alamos's chief of security. Augustino is looking for a Soviet spy on the project, and suspects Oppenheimer. He plants Peña on him as driver and bodyguard, to see what he can find out.

Peña sides with Oppy, a friend from before the war. Also with mathematician Anna Weiss, a fugitive from the Holocaust, who treats him like dirt until he shows her what being a man is all about. He has already shown Captain Augustino's wife, unfortunately, an episode for which Augustino will cheerfully kill him once he has served his purpose. As if *that* isn't enough, he is *also* preparing for a prize fight to raise money for a post-war business proposition. And all the time the seconds are ticking away at Stallion Gate.

An atmospheric novel, rather than a high-tension thriller. There is a Hitchcockian climax of sorts as the seconds melt to zero, but the plot is too loosely constructed to keep one on the edge of one's seat. Its strength lies rather in its portrayal of Sergeant Peña, of the Indian set-up in general. The author is himself part-Indian, a heritage which enables him to view the goings-on at Stallion Gate from both sides of the coin.

Colour again in Carolyn Slaughter's The Innocents, a tale of modern-day South Africa, two whites and a half-caste girl growing up together in perfect harmony on a farm in the bush, no problems at all until the realities of Apartheid intrude from the outside world. The realities are all too intrusive—pass laws, poverty, fathers forced to work away from home, the inadvisability of forming friendships, even innocent ones, with the opposite sex across the colour bar. A sad story, if sometimes a little familiar.

The plot revolves around Ruth, a white orphan whose parents died in mysterious circumstances, long before she could remember them. The truth emerges eventually, but by then the South African economy has collapsed, cities have been bombed by terrorists, the farm workers are taking to the hills, the whites are reaping what they have sown. Carolyn Slaughter's message is clear enough, though she muddies it somewhat by switching viewpoints more often than absolutely necessary.

Reinaldo Arenas's Farewell to the Sea is the work of a poet and revolutionary, exiled from his native Cuba in 1980 after twice having his manuscript confiscated by the authorities. "Rich in hallucination, myth and fantasy," according to the publishers. "It is a fierce and unforgettable work that speaks for the entire human condition."

This sort of guff is often publicist's shorthand for unreadable, and although Farewell to the Sea is far from unreadable, it is certainly not in the Anglo-Saxon tradition of novel-writing either. A paragraph taken at random goes on for 38 pages, though the author makes up for it elsewhere by breaking out into poetry which proceeds at the rate of one letter per line. There is no plot of any sort, just a series of random discourses as homosexual Hector and his unnamed wife struggle to come to terms with life and everything, during a six-day sojourn in a cabin by the sea. You will learn a lot about the Cuban situation, if you can bear it. Alternatively you might just prefer to leave the book lying around on coffee tables, to impress visiting friends from Hampstead.

Which brings us to Judith Krantz, best-selling author from Beverly Hills, the lady who gave the world Scruples, Princess Daisy and Mistral's Daughter, and is now about to assault the ratings again with I'll Take Manhattan.

Maxi Amberville it is, who will take Manhattan, a beautiful, bitchy, thrice-divorced 29-year-old—formerly the Countess of Kirkgordon, would you believe—whose talent for lust is matched only by her enthusiasm for hard work. She is a go-getter of a peculiarly American kind, one of those fierce women who queue at the door of Concorde even before it has come to a halt, and sleep with the Customs man in New York if he will only let them through in a hurry. She is in a hurry because her late father's magazine empire is about to fold. Undaunted, she enlists the aid of hot-blooded ex-husband Rocco Cipriani to help her save it, and leaves the opposition, surprise, surprise, picking itself up breathless from the floor. What more can a critic say? It's utterly, utterly dreadful, that's what.

Nicholas Best

Martin Cruz Smith: Pueblo Indian hero

Ex-President summing-up

NO MORE VIETNAMS
by Richard Nixon, W. H. Allen. £10.95, 240 pages

SHALLOW GRAVES: TWO WOMEN AND VIETNAM
by Wendy Wilder Larsen and Tran Thi Nga. Random House (New York). $16.95, 225 pages

THE VIETNAM war has not lent itself much to sober literature, far less visual art. In that sense Rambo is not an aberration. Nor, for that matter, is he an exclusively right-wing phenomenon. He is, in fact, the mirror-image of those anti-war crusaders for whom Vietnam epitomised *everything* that was wrong with the West. Jane Fonda and Sylvester Stallone, it turns out, have more in common than a good body. They are both victims of the Vietnam syndrome.

All the more reassuring, therefore, to see two new books which treat the subject sanely, if from entirely different perspectives.

The first is all the more welcome since 11 years after the American dream of omnipotence was shattered in Saigon, the *issue of military power as a* weapon of diplomacy is, once again, at centre stage. Colonel Gadaffy has replaced Ho Chi Minh in American demonology. Richard Milhouse Nixon is not, of course, a man of impeccable credentials. Watergate probably damaged his bona fides irretrievably. Moreover his tendency to paper over the facts has not disappeared entirely as some passages in No More Vietnams indicate. His account of the secret bombings of Cambodia, for one, is questionable.

It would be a pity, however, to throw out the baby with the bathwater. Whatever his past failings Mr Nixon has produced a book which offers a most cogent analysis of Vietnam's aims in the war, America's involvement and the effect of succesive policy changes.

His critique of the Kennedy and Johnson administrations' conduct of the war may be self-serving but it is also devastatingly plausible. The US, Mr Nixon maintains, never recognised that Ho was determined to unite all of Vietnam under Communist rule from the outset and never wavered from that goal. Consequently they fought with one, sometimes both, hands tied behind their backs.

Mr Nixon goes on to assert that the US, far from losing the war in Vietnam, was actually capable of achieving a military victory and was obliged to concede defeat only because of political opposition back home. Vietnam, he maintains, was not about the use but the misuse of military power.

Mr Nixon broadens his argument to assert that the guilt and self-doubt suffered by the US since tha end of the Vietnam war has paralysed American foreign policy and sparked a rash of communist victories around the world.

The core of his argument is that America's ineptness in Vietnam led many Americans to question using powar at all. "We must not allow our failure in Vietnam," says Mr Nixon driving the point home "to blind us to the stark reality that without military power and the will to use it surgically and selectively in crucial Third World battles, we will lose the Third World war."

No More Vietnams is unlikely to appeal to the sensitivities of European policy-makers. But it is a skilful performance and a reminder that, in Mr Nixon, the US had a foreign-policy thinker of stature who counted among his achievements establishing relations with China and concluding the only ratified arms control agreement with the Soviet Union.

Shallow Graves, a collection of prose poems about life in Vietnam, both before and during the war, is an altogether different but no less effective work. Written by Wendy Larsen, formerly married to a Time magazine correspondent in Vietnam, it recounts her life in Saigon in 1970 to 1971 and the life of her friend, Mrs Tran Thi Nga, a social worker in the city and later an assistant to an American news magazine.

The book is redolent with the sights and sounds of Vietnam and is written with that earthy and simple eloquence which seems to come so easily to women. The first person to call a spade a spade was probably a woman.

Miss Larsen's account of her life in Saigon as a camp-follower of the great American Press corps is witty and perceptive. But it is only a foretaste of Tran Thi Nga's story which meanders across the poetic landscapes of south-east Asia like the Mekong river.

Born in southern China, Tran was swept backward and forward, eventually ending up in Saigon from where she escaped not long before the North Vietnamese took the city. It is a sad and entirely compelling story which reminds us that there was more at stake in the Vietnam war than the honour of the US.

Alain Cass

China's views

CHINA'S FOREIGN RELATIONS IN THE 1980s
edited by Harry Harding. Yale University Press. £22.50, or £8.95 (paperback), 240 pages

A MAMMOTH effort of organisation and funding by the Asia Society of the US has brought forth a remarkably interesting book. The society commissioned a group of young China scholars to write a study of Peking's recent foreign policy, and raised money to allow them to summon specialist conferences in Peking, Delhi, Tokyo, Singapore and Bellagio (Italy) to discuss their draft chapters. These were heavily revised, since the meetings threw up stimulating new ideas. Considering the number of different authors involved (six), the end-product is surprisingly smooth and satisfying.

Although ostensibly about foreign relations, the chapters include excellent accounts of political, economic and trade changes within China in the 1970s and early 1980s. Unfortunately publication in Britain has been a bit slow (in the U.S. the book appeared two years ago) so it is necessary to bear in mind in reading that such issues as the economic reform of last year and the fall in world oil prices were not foreseen.

Still, the insights into the behaviour of China and its neighbours remain valid and often thought-provoking. Michael Hunt's essay on the historical background, for instance, analyses China's foreign policy not just as based on the "Middle Kingdom" syndrome —the belief that China is the centre of the earth—but on the attitudes of the Warring States period or the enormously popular "Romance of the Three Kingdoms." In these, he says, inter-state relations are characterised by constant manoeuvre and ruthless competition.

Forget the fact that the Warring States period ended in tha third century BC; the Chinese, he says, still look back on it as a model. And what he calls the "unloved collaborator" factor—the Chinese who do a deal with the invading barbarian —still operates, and such collaborators call forth the xenophobia visible in, for instance, the Cultural Revolution.

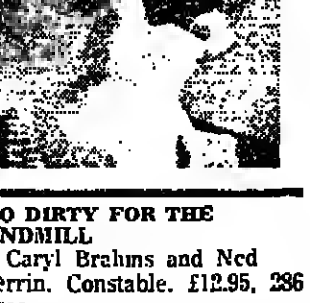
While the conclusion of the book is that China will probably maintain a balanced position between the US and the USSR for the foreseeable future and will keep its door to the west ajar, it ranges through some interesting facts before it gets there.

One is the low opinion of China it says is widely held in Japan, where Peking's modernisation movement is seen as a failure. Another is the perception which has grown since outsiders have been able to form first-hand views, that China is too inefficient to constitute a threat. A third is the amazement among small but rapidly developing countries that the west takes China seriously as a potential superpower.

These are narrow views, since China clearly, by virtue of its size, resource base and nuclear capacity, should be numbered among the major countries of the globe. But they reflect a changing world, and one with which Peking's foreign policy will have to get to grips. Without updating its traditional attitudes more than it has done so far, this may prove difficult.

Colina MacDougall

Tune of Brahms



TOO DIRTY FOR THE WINDMILL
by Caryl Brahms and Ned Sherrin. Constable. £12.95, 286 pages

A MEMOIR of Caryl Brahms, it is called, not a life. I never really thought of Caryl Brahms as having a life. She was virtually unchanged over the 30 years I knew her, and now that we learn the details of her past (born 1901, Doris Caroline Abrahams, related to poet Peter Levi and photographer Zoe Dominic) it seems that she was much the same for the previous 30. This is because she cannot tell a tale about anyone without converting him or her into a character from one of her novels.

The book is put together from unpublished scraps of autobiography by Ned Sherrin, the second of her long-time collaborators, in an exceptional effort of posthumous collaboration. Sometimes he is prompter, sometimes narrator, and between them they have assembled a self-portrait as life-like as any in A Bullet in the Ballet or No Bed for Bacon.

Caryl Brahms might have been a pianist if she had not failed her LRAM. Instead, she took to journalism by way of children's verses (and very good they were) for the Evening Standard and an unsolicited ballet notice sent to Time and Tide. Ballet criticism was fairly scarce at the time, and she soon became known for hers. She wanted to write it in Punch when I was there, and I advised Malcolm Muggeridge that, as her only claim that she was better than the then current critic, the honorary chaplain to the Royal Ballet, could not be upheld, we should not use her. However we remained friends.

Her first collaboration with S. J. Simon—a Russian, Secha Jascha Skidelsky—began while waiting for an hour to see the managing editor of the Daily Telegraph. "Skid" died suddenly after 20 years' partnership; Ned Sherrin wrote to propose himself five years later, and stuck. Caryl was a dominant lady, "characteristically possessive," Ned Sherrin says; her friends might be expected at a moment's notice to look after her baggage or invite her to Canada.

B. A. Young

Printers to the Crown

HER MAJESTY'S STATIONERY OFFICE: THE STORY OF THE FIRST 200 YEARS 1786-1986
by Hugh Barty-King. HMSO £5.00. 160 pages

WARS AND high inflation concentrate the minds of paymasters wonderfully. In the 1780s the expense of the war against the American colonists was the immediate cause of the reform of the Royal Household and the abolition, by the second administration of Pitt the Younger, of several "useless, expensive and unnecessary" places of profit under the Crown. It was the first step in the more general reform of public administration which led, some 50 years later, to the creation of the modern civil service.

One of the offices abolished was that of Usher of the Exchequer, then held by Horace Walpole, whose duties included the supply, through patent holders, of "paper, pens, ink, wax, sand, tape, penknives, scissors, parchments, and a great variety of other articles, to the Exchequer, Treasury and their offices." A new Treasury department, to be known as His Majesty's Stationery Office, was created to replace it, and from the start it made great savings by buying direct from manufacturers at wholesale prices.

In 1807 the service was extended to printing. Customers, who included many of the major departments of state but not originally Parliament, paid for items out of their own Vote at cost, plus a percentage to cover HMSO's expenses. This system lasted until 1824 when, following a Select Committee Report, repayment by government departments ceased and, for the first time HMSO was financed by annual Parliamentary vote. In 1980, under a cost-cutting government faced by high inflation, financial accountability was returned to HMSO's clients, and most of its huge empire of printing, print buying, office supply and publishing became dependant on successful trading.

The size of some HMSO contracts and the speed at which they were fulfilled, even 70 years ago, are awe-inspiring and a great tribute to the technical knowledge, the "know-how" and "know-who", of the print-buyers. It took only 5 days from 2-7 August 1914 to design, print, number and distribute to the banks four million £1 Treasury Notes to take the place of the gold sovereigns withdrawn to pay for the war. Sufficient stocks of uncounterfeitable paper — penny stamp paper was chosen—were also acquired. Between December 1938 and August 1939 [illegible] ration books for food, clothing and petrol coupons were secretly printed: who can say our government was not prepared?

The coronation of Queen Elizabeth II in 1953 required a series of 72 different admission cards, coded by colour and design to show the status of guests and their places. And in 1975, prior to the EEC referendum, 25m copies of three 16-page books on the pros and cons of the issue were producad under confidential conditions in less than a month. No less impressive is the overnight production of Hansard, a responsibility acquired by HMSO in 1882 when Hansard and Eyre and Spottiswoode, the Commons and Lords printers respectively, became agents of tha Stationery Office.

This bicentenary tribute, typeset in Chatham, printed in Bristol and bound in Bath, is elegantly produced and very moderately priced: would that those museums still using HMSO could produce catalogues, even without colour, to sell at £5! Hugh Barty-King is an experienced historian of official bodies and his book is as lively as an official history, covering 200 years in 140 pages of text can find space to be. The last chapters read rather like an annual report from management: I would have liked a more critical approach, in particular, to HMSO's Publications Division whose pricing, marketing and distribution still do not seem to me to match the expertise, in their own fields, of Print Procurement and Production. And several of the photographs of computers, conferences, lorries and office equipment could have been replaced with advantage by examples of some of the many outstanding (and prize-winning) HMSO book designs.

Gillian Dickinson

Pacific harmonies

SEEN from New York (according to the foreshortened perspective of the famous New Yorker front cover illustration) America is a vista of cornfields and desert, cut short a few hundred miles west of Manhattan by the deep blue sea. From right over there in the west, beyond the cornfields and just beyond the desert, the perspective looks different. The Manhattan *skyline*, and the preoccupations of New England, are out of sight and largely out of mind. The prevailing view, like the prevailing wind, is not eastwards across *the continent*, nor across the Atlantic to Europe, nor turned with parochial satisfaction in upon itself—but outwards rather, across the water to the lands which border the largest ocean in the world: the Pacific Basin, the Pacific Rim, or as it came to be known in San Diego for ten eventful days this month, The Pacific Ring.

John Cage, provocative presence at the Pacific Ring

It was the idea of the University of California San Diego (known for short everywhere in the state as UCSD), led by its Department of Music, to celebrate the first quarter-century of the University with a festival not of Californian or European or North-East American art, but of art culled from the whole area of the Pacific basin—*lending* a semblance of unity at least to the multifarious enterprise by grouping events (whenever they could reasonably be grouped) under four headings of "Collaboration," "Extension," "Technology" and "Ensembles." San Diego's Ring was thus strictly geographical (as distinct from Seattle's *Ring*, 1,500 miles up the coast, which is strictly *Wagnerian*)—it was characteristic of the very non-European nature of the festival's consciousness that none of its organisers had even considered the possibility of Wagnerian resonance or ambiguity in the name.

There had been festivals before at San Diego, but generally in collaboration with other bodies such as CalArts in Los Angeles, and never before on such a scale. The Pacific Ring Festival this year was host to composers, artists and performers from California, Korea, Japan, the Philippines, Indonesia, Java and Bali, Australia, Singapore, Guatemala and Mexico. There were concerts, a dozen in all, from *a capella* choral works to real-time computer essays to exuberant gamelan.

There were lectures: by the critic Alan Rich on Robert Erickson, the elder statesman of mainstream Californian *composers (sadly too ill* to be present at the festival); by Gordon Mumma, the composer and teacher from Santa Cruz, on new music in South America; by Richard Moore, the director of UCSD's Center for Music Experiment (of which more in a later article) on the New Technology. There were films and video shows — among which notably Michael Blackwood's masterly studies of the Japanese architect Arata Isosaki and of the musicologist Colin McPhee.

Without judicious planning the whole affair might easily have turned into just another ephemeral Californian fantasy, a celebration of a "new culture" without real sense or centre. But the programmes were imaginatively and pointfully chosen, and the themes arranged with care. There was no sense of bluster, and remarkably little jargon, in the proposition. What emerged during *the 10 days was not just* a pretty west-coast pot-pourri, but a celebration of a real and fascinating arena of cross-fertilisation—sometimes underpinned by European values, but in all cases distanced from them, in which moreover other non-European traditions, perspectives and values entirely tended to predominate.

No Pacific Ring Festival would have been complete without the two American composers who have moved most decisively away from the styles and standards of the European tradition, Harry Partch and John Cage—inevitably Californians both, and each an artist who looked west from California for much of his inspiration.

Partch died in 1976, but he was represented by one of his major works played on the extraordinary instruments he designed and built himself (now renovated and housed at San Diego State University). John Cage himself, however, 75 this year, and still of irrepressible energy and good *humour*, was a buoyant, provocative presence during the festival's first five days. His spirit, and his plentiful verbal interventions, public and private, rather than his actual compositions, were everywhere in the air—although we did hear a rare performance of an early piece for solo piano called *Four Walls*, which Cage composed for Merce Cunningham in 1944: dark, sonorous, full of silences and foreboding, an uncharacteristically "expressive" essay from the days before chance operations and Zen Buddhism, beautifully played at a late-night concert by Margaret Leng Tan.

The fraternal spirit of Cage was certainly present in the work—"installation" rather than composition—entitled *Something Pacific 1986* by the Korean composer Nam June Paik, which was unveiled on the first day of the festival inside and outside UCSD's Mega Center: a video installation of a dozen screens to be "played" upon by passers-by, engrossing, but rather complicated to deal *with effectively*.

The Cagean resonance was all-pervasive in the premiere of a substantial new work called *Vis-a-vis*, composed and performed by the duo ensemble comprising the singer Philip Larson and the trumpeter Edwin Harkins who go collectively under the name of "THE." *Their* score was originally to have been the result of close collaboration between Larson, Harkins, Cage and the Japanese composer *Toru Takemitsu*; but *in* the event (a far more authentically Cagean procedure) both Cage and Takemitsu merely submitted proposals and base-materials *in the form* of words, notes and a tape, which "THE" might then treat as they wished.

The result was a piece 90 minutes long, using a huge array of stage props and technical equipment, part music, part theatre, part music-theatre, enthusiastically received by a large public on two consecutive evenings, but somewhat sourly and uncomprehendingly *dismissed* by the Californian critics. The theatrical elements of *Vis-a-vis* were a hybrid of the performance-theatre of Robert Wilson, the humour of Monty Python (*John Coltrane* and *Jack* Nicklaus are two of the ensemble's many self-confessed influences), and the static, gravely ritualistic theatre of the Far East.

The piece was often very funny; but to emphasise its zaniness would be to underrate its qualities of strikingly imaginative (and sometimes *sparely* delicate) invention. I loved the opening sequences in which a verbal "mesostic" produced by Cage from a text by Marcel Duchamp was electronically transformed into a "musical sculpture" for solo trumpet: the idea may sound pretentious, but musically the effect was beautiful and strangely stirring.

Dominic Gill

New Wozzeck from Wales

THIS week the Welsh National Opera unveiled Liviu Ciulei's new production of Berg's first opera, and in its own terms it made a considerable impression. Berg's terms are slightly different, I think, and leave room for a deeper impression; but Ciulei's are honest enough, quite clever and showily consistent. With a good cast and Richard Armstrong as conductor, the music is projected with keen sympathy.

Ciulei's scene-setting is done chiefly with giant metal coils, in long segments that can be hung like stalactites or laid down to make hedges, walls, barriers; and with regimented crowds, who form a hostile background even to intimate scenes. On the basic corrugated platform, both coils and crowds are noisy to shift about, and Berg's orchestral interludes suffer. Ciulei anyway likes to start the next scene in mid-interlude, and each of the three acts begins with (more or less) silent, symbolic mime before the *music is allowed to enter*—we are not to forget that we are watching a *production*.

While Wozzeck and his Marie play out their hopeless little *tragedy, Ciulei's stiff-hacked*, stuffily barbed crowds represent bourgeois hypocrisy in its familiar theatrical guise. They would do for *Katya Kabanova*; but the much earlier Büchner play which Berg so faithfully set is something else. Büchner's themes are — above all — the cruelly neglected condition of the *Lumpenproletariat*, and secondly blind passion (clinically observed) and also the deadly lure of clinical observation itself. (Büchner was both a young humanist firebrand and a sensitive medical student.) *Social* hypocrisy *has* no role: the only authority-figures, the Captain and the Doctor, are caricatured as irresponsible, self-absorbed loonies. What *ruins Wozzeck* is brutal disadvantage, not Victorian moralising.

Philip Joll's anti-hero is musically sung, mild, classlessly decent—a lamb to the slaughter, not Büchner's weirdly eloquent misfit (like a madder Peter Grimes). The English version is bland, and Joll gives no extra bite to the words. His slattern is Eiddwen Harrhy, who is strongly Welsh-natural and passionate, decidedly loud in confessional passages, with an alluring poise *rather beyond* poor Marie's condition. The virtues of both these performances should develop well.

Sean Rea's Doctor is suitably imposing and abstracted; a little more flamboyant obsession would help. Nigel Douglas etches the Captain as a grizzled dandy, quite harmless, most vividly stylised. Both of them wear Ciulei's compulsory half-masks with flair, whereas Wozzeck and Marie are somewhat stifled by them and

Substance and shadow—scene from Wozzeck

Warren Ellsworth's lusty, gangly Drum Major is almost turned into a Creature from the Black *Lagoon*. Michael Clifton-Thompson makes a cleanly fervent Andres; Anne Morgan's Margret is a good, bouncy cartoon.

Harry Nicoll's gentle Idiot is sent into the action sniffing for blood long before his official arrival. The two Apprentices are Peter Massochi and Quentin Hayes, efficient but restrained *with their drunken oratory*. At the end, Marie's orphaned son sings his "Hopp, hopp!" without even a hop, let alone a hobby-horse, just as Wozzeck *has* to *cut Marie's throat* and later hunt up the fatal weapon without a visible knife. It materialises *in* time *for* him to cut his way into a canvas pool-surface and mime drowning in it — an operation so interesting that one quite forgets to be moved, *though the* stage-picture is striking.

In short, Ciulei has realised the opera in visual terms that are not only schematic but distinctly obtrusive. Yet the thread of the real action is not lost; and Armstrong is acute enough with the score—granted that in Cardiff's New Theatre a *pianissimo* is hard to contrive, the orchestra being perpetually forward — that the explosions of frustrated feeling always tell. (An exception is the great unison-note howl after the murder, which is scotched by the premature cavortings of Ciulei's beer-house dancers.) *If some of* the acrid grotesqueries are underdone, the big lyrical outbursts are treated con *amore*.

It may be that Armstrong's superbly unruffled, long-sighted view of Wagner hasn't adapted yet to Berg's more radical concision. He passes swiftly from one musical event to another almost without taking breath: every fragment is pungent, often heartfelt, but we are hardly given pause to register their special expressive weight. It is of course a hindrance that so many of the specific dramatic details to which the score is geared are left invisible by Ciulei, and that contrariwise he likes to continue some strands of the story as attention-grabbing counterpoints to the scenes Berg was actually setting. The net result is some piercing musical moments and a stream of graphic visuals, with the twain meeting to reinforce each other just now and then.

David Murray

Kent double bill

KENT Opera brings to the Brighton Festival not only the *Figaro* they are shortly taking to Vienna but a new double bill of Rameau's *Pygmalion* and Purcell's *Dido and Aeneas*. The result is good enough to strike a blow against hoary public prejudice in the face of composite entertainment. For both operas Mark Tatlow is the conductor, Mary Forey the producer/choreographer, Roger Butlin the designer.

Dido comes second but being familiar may be described first. *It is* played *on a giant crimson* lion-skin, with the small but excellent chorus, from which singers of small parts are drawn, ranged on tiers in shades of deep red. Patricia Rozario and Peter Harvey as Belinda and Aeneas, each role difficult in quite different ways, are notably successful.

Dido is Hélène Belavault, one of Peter Brook's Carmens and the star of *Le Tango stupéfiant*. In appearance tall and sultry, she is nearer the ideal tragedy queen than the conventional dumpy English mezzo. The voice is warm but, on Thursday evening, uncertainly controlled. Words were right at the back, plummy, seldom understandable. The poet Tate's memorable doggerel surely provides no great obstacle. One bad supposed Dido's Lament to be indestructible, but even the repeated cries of "Remember me" hardly registered.

Rameau's *acte de ballet Pygmalion* was an enduring success in the 18th century and has never been quite forgotten. As so often with Rameau it works on two levels, extreme sophistication of means and a surprisingly direct impact. The idea is slight but suggestive. Pygmalion has fallen in love with the statue on which he is working. Rejecting his human adorer Céphise he invokes Venus, who sends Cupid to bring the statue to life. She responds. Pygmalion's friends assemble to celebrate the couple's happiness. What happens afterwards is left to the imagination.

Rameau's seeming indifference to the quality of his texts concealed a craft determination to get the right scaffolding for musical architecture more complex than appears at first hearing. Here he starts with sparky, extended overture, then works up from scenes of short "airs" *and expressive declamation to* a big dance-finale. This begins with a finely contrived sequence of short dances (one of them a miniature Chaconne 16 bars long) during which the statue is put through her paces, followed by longer dances contrasted with triumphant solos for Pygmalion.

Julian Pyke, a well-graced singer, does not wholly command the brilliant top register these solos need — few tenors do, in France or anywhere else — but he made the besotted sculptor sympathetic. Patricia Rozario as the statue fully explained Pygmalion's passion. She made every word of Anne Ridler's translation clear. Mary Beverley sang Venus — into whom her son Cupid has been pointlessly transformed. At later performances *Mr Tatlow* may draw even more character from the company's baroque orchestra in Rameau's ever-inventive dances.

Pygmalion in this staging is set in an artist's studio about *the turn of the century*, with long frocks and trousers. Colours are dark except for the creamy-white dancers, who wear the same costumes in both operas—their barefoot style is better suited to Purcell than to Rameau. There is no suggestion at all of the pleasure-devoted French regency. The music demands a bit of leg, but here even Venus looks like a debutante's mum. Nonetheless, with all reservations, an evening of high accomplishment.

Ronald Crichton

Hungarian mainstream

Records

JANOS DECSENYI: Sándor Weöres' 12th Symphony; Roads; String Quartet; Epitaph from Acquincum. Various artists. Hungaroton SLPX 12556.

MIKLOS KOCSAR: Capricorn Concerto; Varianti per orchestra; Five Movements for clarinet, strings and harpsichord; Metamorphoses. Various artists. Hungaroton SLPX 12134.

KAMILLO LENDVAY: Cantata "Scenes"; The Harmony of Silence; Fifth Music; Five Arrogant Ideas. Various artists. Hungaroton SLPX 12516.

KLARA KORMENDI: Piano recital of works by Durkó, Bozay, Stockhausen, Cage and Xenakis. Hungaroton SLPX 12569.

A recent clutch of Hungaroton records — Hungaroton is distributed in the UK, and available to order at *all good record stores*—includes single-composer collections by three serious mainstream Hungarian composers, all now in their mid-50s, whose work is comparatively little known in England. It is fair to say that anyone looking for definitive masterpieces of the century will not find them here: but in a lower key, they nonetheless contain much of interest and pleasure.

Although János Decsényi (b 1927) has composed in a wide range of genres, from choral works and music for film, theatre and puppet plays to symphonic essays and electronic tape-pieces, the greater part of *his* output is of chamber dimensions. He shares, it would appear, with his contemporary György Kurtág a predeliction for small ensembles and powerfully compressed, economical, *fully* simply evocative musical gesture.

His short piece for soprano and percussion entitled, somewhat whimsically, *Sándor Weöres' 12th Symphony* is in many respects a very Kurtág-like distillation. And his *Roads*, a collection of eight tiny "Etudes" for soprano and piano, display an uncannily similar preoccupation with tiny shifts of line and colour (both are beautifully sung on this record by the soprano Adrienne Csengery, who is also one of Kurtág's chief vocal protagonists). *Epitaph from Aquineum* is one of my favourite Decsényi works, which I heard first during the Budapest Music of Today festival five years ago: a little essay, barely 14 minutes long, for soprano, electric organ and strings, alive with delicate surprises, as remarkable for the simplicity of its texture as for the density and subtlety of its resonance.

Kamillo Lendvay's *Five Arrogant Ideas* are five high-spirited sketches for the *unconventional* combination of three trumpets, two trombones and tuba: good, clean fun, with some nice Stravinskian side-glances, *wittier and sharper than simple* pastiche. His *The Harmony of Silence* is an accomplished piece of night-music in a post-Bartókian vein—unfolding from a *single note, overtone* by overtone, until a melody emerges, moving in slow waves to its climax.

Perhaps Lendvay (b 1928) is surest and most convincing in *miniature—Fifth Music* for solo cello is a short study built with confident economy from cells of perfect and augmented fifths (*splendidly* played by Csaba Onczay). But I found the 24-minute Cantata *Scenes*, based on three episodes of the love-story of Rachel and Jacob in *Thomas Mann's* tetralogy *Joseph and his Brothers*, over-extended: some striking ideas, which would have seemed less isolated if they had been distilled into a work rather less than half the resulting length.

Miklós Kocsár (b. 1933) wrote his *Capricorn Concerto* for flute and chamber ensemble eight years ago for the English Capricorn Ensemble—and this performance features the splendid playing of the flautist István Matuz, with its spectacular *timbral* range *from* deep-throated *shachu-hachi* tones to the thinnest reed-pipe warble.

It is a gentle, lyrical, cogent piece, not wildly remarkable, but engaging — as too are the more dramatic orchestral pieces on Kocsár's disc, *Varianti per orchestra* and *Metamorphoses*, both of which are informed by a pleasing sensitivity to orchestral colour, and by an unusually self-critical sense of pacing and length. One of Kocsár's distinct virtues is that he never goes on too long, and senses the limitations (as well as the potential) of his material keenly. *Varianti* and *Metamorphoses* are 10 and 15 minutes long respectively: how many composers these days know when to stop when the natural span of their ideas is exhausted?

A brief note of commendation for the pianist Klára Körmendi, whose adventurous recital includes a fine account of Stockhausen's *Klavierstück IX*; a confident, quicksilver navigation through the virtuoso *Mist* of Xenakis; and a stylish performance of five of John Cage's *Sonatas* and *Interludes for* prepared piano (the difficulty with performing prepared piano pieces in Eastern Europe, Cage once told me, is that no one there will let you stick nails and folded paper and rubber wedges between the strings, and even if you manage to put them there, they sneak in and take it all out again before the performance: but Miss Körmendi has evidently solved the problem).

Bozay's *Piano Piece No 7*, even if it is not evidently a homage to Stockhausen, whirls through many of the more familiar Stockhausen gestures to nearly the same effect. Bozay's excitement with the keyboard medium is infectious; Zolt Durkó's is more constrained—his *Son et lumière* I found rather dry by comparison, less exuberant, more self-consciously schematic.

Dominic Gill

Talking to the animals

Radio

THE Daily Mirror didn't break up the Wilson government, Lord Cudlipp said in his talk, *Headlines, Deadlines* on Radio 4 yesterday. It hadn't the power, and it hasn't today. The duty of the press is to inform public opinion, not lead it. That was the most significant thing he said. For the most part he was autobiographical, telling, for instance, how, at the age of 14, he wrote 3,000 words on *The Messiah*, which he had never heard before. (He put in all the names and addresses of the 242 members of the choir.) But *whatever* he *said was* tinged with a peculiar authority and humour, the source, no doubt, of his influence.

By way of contrast, I listened in the mornings to Derek Jameson on Radio 2. He too has edited national newspapers. But in between the records he had nothing serious to say. The hot line to the tortoise expert in Yorkshire might well make a front page story in a modern pulp daily, and Mr Jameson pursued it keenly. Such a chase after interesting trivialities is hardly likely to influence public opinion.

Yet is the tortoise hot line any less important than the problem of whether chimpanzees can be taught to speak? This was the subject of the last two of Professor Colin Blakemore's talks on Radio 3. In Monday's talk we heard how two American scientists had trained their chimps to communicate through American sign language, using combinations of signs to express such complicated ideas as "open-food-eat," meaning refrigerator. In Wednesday's talk, another American scientist reckoned that such combinations were probably fortuitous. At least this kind of research is used in serious disciplines like psycholinguistics and behaviourism, matters unlikely to make the front page of The Sun until a chimp falls in love with another chimp.

Nigel Stock played in two good drama productions. He was Crocker Harris in a repeat of Rattigan's *The Browning Version* on Radio 4 on Sunday —the best one-act play I know, and very well done indeed under Ian Cotterell's direction. Last night he was Iwakichi Honda, an old man who follows his hopeless passion for a woman dress-designer beyond the suicide to which he is *driven* when the woman's frivolous friends trick him into believing that his love is returned. The play, by Yukio Mishima, translated by P. G. O'Neill, was given a rather more exalted direction by Ned Chaillet than I should have thought it earned, with quasi-Oriental music by Dominic *Muldowney*. An interesting piece, all the same, and well played.

One of the unserious items in Sunday's *New Premises* on Radio 3 proposed a feminist drama society who believed that Shakespeare's plays were written by Ann Hathaway. And the next day Marilyn Butler spoke, also on Radio 3, about the Australian Dale Spender's book claiming that the novel was a woman's invention. It doesn't actually insist that Smollett and Defoe were *ladies*.

B. A. Young

Gallic galleries

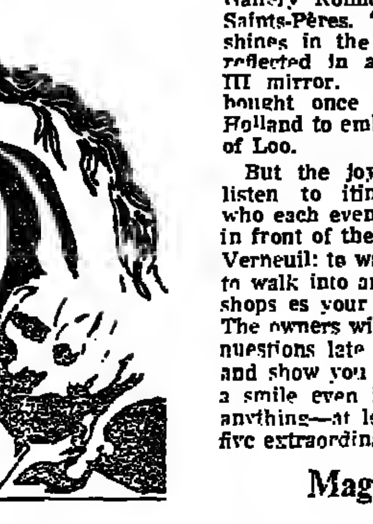
Antiques

THERE is a special zest this year to the "Five days of the *objet extraordinaire*," which ends on Monday and once again is bringing crowds to Paris's Left Bank antiquaries quarter. Inaugurated by Jacques Chirac, who now combines the posts of Prime Minister and Mayor of Paris, and his wife, the very Parisian happening is currently celebrating its tenth anniversary. The 130 antique dealers grouped around the rue du Bac, the quai Voltaire, rues des Saint-Pères and de l'Université are vying more than ever to produce unusual or historically interesting exhibits. The diversity of their specialisations combined *with* the French *flair* for a striking *mise en scèna* heightens the pleasure and the surprise of the occasion.

An 18th century clock on a wall bracket catches the eye in the showroom window of Jacques Perrin, 3 quai Voltaire, by the exceptional quality of its marquetry, its gilden bronze ornaments and its 1.8 metres height. You enter and are dazzled by the splendour of a 17th century desk and 18th century chest of drawers.

A few doors away Galerie Altero has a suite of eight panels painted on silk—China, 18th century—describing the successive stages of porcelain *manufacture*. *There are* craftsmen shaping the different pieces, others packing them for baking, yet others painting them, while the master welcomes a prospective buyer on the doorstep. Just as these illustrations were targeted for commercial reasons at European consumers, so too was the production of porcelain marketed by the Compagnie des Indes—sometimes with *incongruous results*. At Lucien Vigneau, in rue des Saints-Pères, you can see two mid-19th century plates portraying Christ's Resurrection, a theme which could not be more alien to Emperor Kien Long, during whose reign they were painted.

At Air de Chasse, in the same street there are two porcelain vases made in Paris. They date from the end of the 18th century and are in the shape of two hunters in flower-printed jackets, restraining the hunting dogs so gracefully that one isn't surprised to learn that they were referred to as "mignons."



By way of contrast the two empire-inspired vases from 1825 at the Nicolier Gallery are full of gravity. Each is clad with gold leaf. One is decorated with a miniature portrait of Mademoiselle Malibran, while its twin depicts Mademoiselle de Sontag, the two most famous *singers* in Paris. Bitter *rivals* in their time, they are now pensively re-united at quai Voltaire.

In a very different mood and *material is a* Roman horseman commanding his prancing mount, sculpted in gilded bronze in the 17th century and standing 33 centimetres high. With baroque emphasis he displays his warlike virtues at Embden, quai Voltaire.

If, on the other hand, you want to see a life-sized marble *statue narcistically delighted* with her own nudity, go to the Gallery Kolmont-Gros, rue des Saints-Pères. The white marble shines in the spotlight and is reflected in a huge Napoleon III mirror. The statue was bought once by the King of Holland to embellish the Palace of Loo.

But the joy of it all is to listen to itinerant musicians who each evening give concerts in front of the school at rue de Verneuil: to wander around and to walk into any of the antique shops as your fancy takes you. The owners will happily answer questions late into the evening and show you their wares with a smile even if you don't buy anything—at least during these five extraordinary days!

Magda Hamsher

WEEKEND FT

Fiona Thompson visits a picture-postcard village suffering from withdrawal symptoms

Wishing you were here . . .

PRECIOUS FEW Americans are giving their regards to Broadway this summer.

The visitors' book at the parish church of St Michael and All Angels, where pilgrims drawn by May flowers and village England might be expected to leave their mark, is, instead a testament to their absence. Of the 208 signatures placed there since Easter, only 13 are from Americans.

The picture is the same in the tea shops, the hotels, the bed-and-breakfast houses, the gift emporia and the expensive galleries of this beautiful—almost too perfect—Worcestershire village of honey-coloured stone, beneath the Cotswold escarpment at Fish Hill.

Broadway (pop: 2,403), which the vulgarities of the industrial revolution passed by, is now being given a miss by the visitors it values and counts on most: the US tourists (pop: too few). The village, going its own sweet way, is England, and, in particular, the Cotswolds, to American eyes—a must on every itinerary. Now, perhaps more than any other single village in the country, it is suffering the consequences of recent international events.

"We had 330 cancellations in six nights following the Libyan bombing," says Mr Kirk Ritchie, managing director of The Lygon Arms, which, if not perhaps England's most famous inn as claimed by the Broadway guide books, is undoubtedly one of its oldest and best known.

The Lygon, which stands on the broad sweep of the village's single main road, has by its own word been welcoming visitors from all over the world since before the time of Henry VIII. In recent years, a good half of those visitors have been American.

This summer's bookings are down by at least 30 per cent. That's an awful lot of dollars when double rooms start at £95 a night; supplement £6.00 per person for full English breakfast or £9.50 for the champagne version.

Staff numbers at the 66-bedroom hotel are closer to winter levels than summer, according to Mr Ritchie, with 108 on the payroll, 20 fewer than this time last year. "It will be a hard year," he says, both for The Lygon and Broadway. "The hotel acts as a barometer for the village. I don't think this is going to right itself in a few months."

The absent friends missed by the hoteliers have also left Broadway's comely shops feeling the pinch. Certainly H. B. Heyworth, textile specialist, is not seeing the sort of business it enjoyed last year. The Heyworths, Margaret, Harold and their son John, run the shop — 19 years in Broadway this year — which specialises in top quality woollens and Liberty silks: biggest sellers Ballantyne double-ply cashmere ladies cardigans for £124.50 each.

Mr Heyworth put in for the Queen's Award for exports last year; the percentage their US business represents in terms of turnover has risen in four years from 45 to 57, to 65 and finally to 77 per cent last year on sales of £330,000. "We could be as much as 50 per cent down on American sales this year," he says.

At the more moderate end of the market, the Edinburgh Woollen Mill—most Americans buy a kilt, a sweater and a scarf for granny — reports sales down by 25 per cent.

The year has not exactly gone as planned either for the Seymours and the Watsons — "our wives run the tea shop, we run the rest" — of Small Talk of Broadway, occupying a 1686 village house whose original builder could hardly have conceived of it being used by visitors from the then remote colonies.

"My brother-in-law Bill and I started bed-and-breakfast upstairs last May," says Derek Seymour. "The majority of our visitors were American. In the same May period this year we've had 40 lets and only three Americans."

Small Talk invested in a white Mercedes last October to provide a limousine service to air and sea ports (Gatwick £80), and chauffeur-driven tours of the Cotswold villages: £50 for 3½ hours and as many villages as you can fit in.

The venture was designed principally for the American market, "but they're not coming," says Mr Seymour. "I'm doing weddings with the Mercedes now to fill in."

Visitors may come and visitors may go, but Broadway's elite expert dealers seem set to continue on their even path. At H. W. Keil, where exquisite antiques fill 27 rooms (17 set aside for collectors to view period pieces by private appointment) the mega rich, and eventually their sons and daughters, still come to buy as they have for 62 years.

Mr Frank Currier, sales manager, acknowledges that there has been some decline in the passing trade. "We're missing out on the smaller purchases," he confides, "things under £1,000."

John Barrett looks at the French Open, which begins on Monday

Feats on clay

AS WE approach the 100th Wimbledon—10 years after the centenary, owing to the two world wars intervening—it comes as something of a surprise to recall that the venerable French tennis championships which start on Monday are celebrating only 56 years as an international tournament.

Between 1891 and 1924 the event was purely domestic but no less testing for that. In fact Max Decugis and André Gobert, the last two winners before the First World War, had been the first Frenchmen to win a Wimbledon title, when they won the doubles in 1911. Then in 1922 and 1924 Henri Cochet and Jean Borotra became champions to launch careers that, in harness with their fellow musketeers Rene Lacoste and Jacques "Toto" Brugnon, would dominate world tennis for almost a decade.

Today and tomorrow in Paris, Borotra, now a sprightly 87, will turn out for the 101st time for the International Club of France against the British parent of the 26 IC's worldwide.

Few of the 256 young professionals who gather in Paris this weekend to vie for the top men's prize of $200,000 and the top women's prize of $182,000 will recognise the slightly stooping, but still slim and agile figure that hurries from court to court casting an expert eye over the present generation. However, without Borotra's brilliance and the magnetic appeal of Suzanne Lenglen, Bill Tilden, Fred Perry, Helen Wills, Don Budge and the others who helped to create a worldwide following for lawn tennis in the 1920s and 1930s there would be no careers for today's young men and women to follow.

As they grumble about the long wait for courtesy cars and complain about the slow room service in their free hotel rooms they should give a thought to the pioneers of our remarkable sport. The very stadium in which they play, the Stade Roland Garros, set in a leafy south-west corner of the city near the Porte d'Auteuil, would not have been built without them. It was opened in 1928 to display the skills of the Musketeers as they successfully defended the Davis Cup against Tilden and the Americans and then retained it until the British arrived with Perry and Austin in 1933 to take it away.

So who, in 1986, will inherit the mantles of these heroes and heroines of yesteryear at what is now the unofficial world championship on clay? In the men's and women's singles there are two clear favourites, and both the holders are seeded second. Mats Wilander, who in 1982 became the youngest winner at the age of 17, triumphed again last year with decisive wins over John McEnroe and Ivan Lendl. In 1985 at this stage he had not won a tournament all year. This time he has already succeeded in Brussels, so in a sense is better prepared. Lendl, on the other hand, has already won six tournaments and although worried about a knee is clearly the world's number one at present.

Whether Wilander's fellow Swede Joakim Nystrom has peaked too soon remains to be seen. He has also won five tournaments and has made an important psychological breakthrough. Another with a psychological advantage is Yannick Noah. Halt of France will be cheering his efforts in the next two weeks, hoping for a repeat of 1983 when he became the first Frenchman to succeed in Paris since Marcel Bernard in 1946.

Chris Lloyd played the match of a lifetime to beat Martina Navratilova in last year's magnificent final. It was Chris's sixth French title and probably the best technical performance of her long and impressive career. She is now 31 and clearly near the end of that career. However, she knows that slow clay offers the best chance of preserving her record of having won at least one Grand Slam title every year since 1974.

It remains to be seen how traumatic to Martina has been the loss last weekend to 16-year-old Steffi Graf in the German Open final. Perhaps the loss will ease the pressure.

Steffi is making the sort of surge that many of us have been forecasting for this tough little West German competitor. Three tournament wins have included the scalps of Chris and Martina and have lifted Steffi to a world ranking of three. She now really believes that she can take the last step to the very top and it is lack of belief that holds back most proteges. Also she does have one of the prerequisites—a big shot in her forehand. It would be fascinating if she became the youngest ever champion this year. It would also revitalise the game.

Steffi Graf, youngster with a big shot, who could revitalise the women's game

Trevor Bailey argues that the Texaco one-day series should be longer and that England will not miss Ian Botham as much as many might imagine

Stars must see the light

ALTHOUGH nobody wants to copy those Australian one-day cricket tournaments that seem to go on for ever, the Texaco series between England and India—starting today at the Oval in London and ending on Monday at Old Trafford, Manchester—is unsatisfactory.

Because there are only two matches, it lacks balance. Surely, there should either have been three games or the Test and County Cricket Board could have waited until the New Zealanders arrived later in the summer and included them in a three-way tournament. In that way, there could have been the extra spice of a final.

Predicting the outcome of a limited-overs match is difficult, as I discovered during the last World Cup when, in one week, I confidently forecast that Australia, England and the West Indies would beat India and was wrong each time. It is even harder now as India are still getting used to English conditions—a process not helped by the weather—while England are trying to recover from their hammering in the West Indies.

In the original squad of 13 named by the selectors, only two — Derek Pringle and Graham Dilley—were not in the West Indies. This week, the dropping of all-rounder Ian Botham saw him replaced, in what looked an illogical move, by batsman Bill Athey; while opener Graham Fowler, who has recovered the form that deserted him last summer, came in for the injured Wilf Slack.

Conditions and the amount of one-day cricket in this country favour England, especially if rain reduces games to a virtual slog, but I would not want to bet on the results.

England will miss Botham but, on the evidence of his performances in 78 one-day internationals, not nearly as much as one might have imagined. In 68 innings he has made 1,299 runs with a top score of 71 and an average of only 21, while taking 103 wickets at nearly 27 apiece. These are more the figures of a valuable "bits and pieces" cricketer than those of our greatest all-rounder.

Like most cricket-lovers, I find it sad that so much of the publicity surrounding Botham these days should come from his off-field activities, especially his clashes with authority.

There was once a happy time when sporting administrators had few disciplinary problems. Players or clubs who misbehaved usually were arbitrarily punished, and quite often banished. Although this treatment was occasionally unfair, it helped to maintain standards.

Now, it is very different; executive committees have become frightened to take effective disciplinary action. They have discovered, the painful way, that what appeared to them to be an entirely justifiable decision might not be accepted in a court of law. This is because sport, once essentially amateur in concept and administration, has become big business.

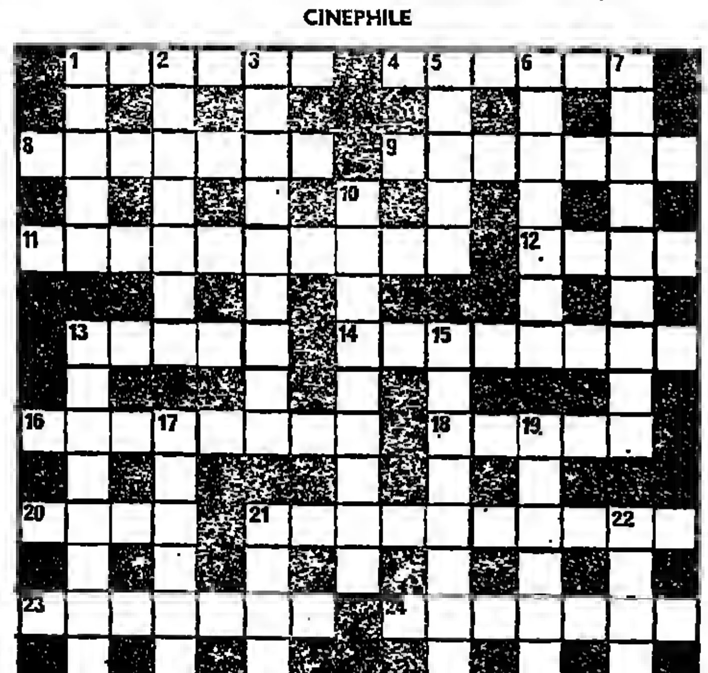
Maintaining discipline remains essential, however, and governing bodies are relying more and more on the charge of "bringing the game into disrepute." This is difficult to defend and can cover a multitude of sins as well as such criminal offences as illegal drug-taking and assault (although not, apparently, drunken driving).

In cricket, it includes things like kicking an opposing batsman, making obscene gestures, showing visible dissent at umpiring decisions, swearing at opponents and hitting a spectator. Acts of this nature have only recently crept into the game but they are totally unacceptable.

It is crucial that players, especially the stars, realise they have responsibilities to themselves, to cricket which provides a very good livelihood, and particularly to the thousands of youngsters who worship them. They must be prepared to set a reasonable standard of behaviour, on and off the field, or suffer the consequences.

F.T. CROSSWORD PUZZLE No. 6,030

CINEPHILE



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

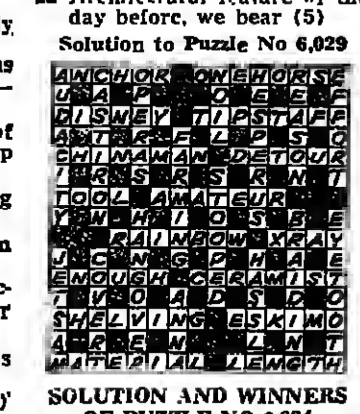
ACROSS

1 Act as inspiration to an artist? Confound! (6)
4 Loquacious person whose gift gets a reduction when returned (6)
8 Light work: I shall take the morning in it (3, 4)
9 A French story, easily approached (7)
11 In South Africa money has power when a girl's about—something Venetian (5, 5)
12, 13 Unfriendly piece of sorcery calls for dressing up (4, 5)
14 Brandish a ring with varying frequency (4-4)
16 Sort of number for position in church (8)
18, 20 Conjectural reconstruction of Kew—our Grammar School's involved (9)
21 Poetically celebrated girls that don't dazzle one? (3-7)
23 Pupil of stunted growth? (7)
24 Valence may be like Gibraltar (7)
25 Time for calculator? (6)
26 A number's against hacking evil: is anyone for it? (6)
17 Out-moded, outside this country — Edinburgh, for example (7)
19 Greek letter or letters put lion off (7)
21 Monkey in Paris, slightly brown (5)
22 Architectural feature of the day before, we bear (5)

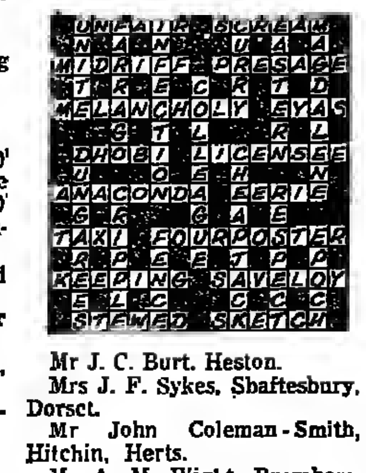
DOWN

1 After cheese, river rose (5)
2 Pet disease gripping the English left—confusion! (7)
3 Stop old lawgiver entertaining wild mice (9)
5 Legal beheading is very bad (5)
6 Put up with young reporter giving a little hug? (4, 3)
7 Beat up joints of course (4, 5)
10 Dazzled by cocaine, something Venetian? (4-5)
13 Regiment for the ass? (9)
15 The day before . . . before the unofficial policeman? (9)

Solution to Puzzle No 6,029



SOLUTION AND WINNERS OF PUZZLE NO 6,024



Mr J. C. Burt, Heston.
Mrs J. F. Sykes, Shaftesbury, Dorset.
Mr John Coleman-Smith, Hitchin, Herts.
Mr A. M. Wight, Bromham.
Mrs A. Poynder, Whittlesey.

TELEVISION AND RADIO

SATURDAY

† Indicates programme in black and white

BBC 1
8.30 am The Saturday Picture Show. 10.40 Grandstand, including 12.50 News; Cricket (England v India); Horse Trials from Australia; Racing from Haydock; Golf (Whyte and Mackay PGA Championship); Boxing; Football (A late-in-the-day "Focus" on Mexico, with Bob Wilson).
5.05 News. 5.15 Regional programmes. 5.20 The Keith Harris Show. 6.00 Every Second Counts. 6.35 Sorry! 7.05 Film: "Doctor in the House," starring Dirk Bogarde with James Robertson Justice, Kenneth More, Kay Kendall, Donald Sinden and Joan Sims. 8.35 The Val Doonican Music. 9.25 Cagney and Lacey. 10.10 News and Sport. 10.25 Summer of '66. 11.00 Film: "Greased Lightning" starring Richard Pryor.

BBC 2
2.00 pm Film: "Conrack," starring Jon Voight. 3.0 Laramie. 4.30 Cricket and Golf. 7.15 Newsview. 7.55 Around with Alliss. 8.35 "Carmen" (in French with English subtitles). 11.40-12.35 am International One-Day Cricket, (Highlights).

LONDON
0.55 am TV-am Breakfast Programme. 9.25 Get Fresh. 11.30 Terrahawks. 12.00 News. 12.05 pm Saint and Greavsie's World Cup. 12.30 Wrestling. 1.15 "Somewhere in Time" starring Christopher Reeve, Jane Seymour and Christopher Plummer. 3.00 Championship Boxing. 5.00 News. 5.05 Benson. 5.35 Robin of Sherwood. 6.30 Child's Play. 7.00 Cannon and Ball. 7.30 The Price is Right. 8.30 Tales of the unexpected. 9.00 News and Sport. 9.15 C.A.T.S. Eyes. 10.15 Sport Aid World Ice Skating Gala. 11.15 LWT News Headlines followed by The Late Clive James. 12.00 "The Bigea Brothers." 2.15 am Night Thoughts.

CHANNEL 4
1.10 pm ECO. 1.35 Birds Of Britain. †2.00 "Desire," starring Marlene Dietrich. †3.50 "Women Wanted" (Maureen O'Sullivan stars). 5.05 Brookside Omnibus. 6.00 Right To Reply. 6.30 News Summary followed by Credo. 7.30 Africa.
8.30 Held In Trust. 9.00 Mapp & Lucia. 10.00 Hill Street Blues. †11.00 "The Hustler," starring Paul Newman and Jackie Gleason.

S4C WALES
2.20 pm Feature Film: "Hello, Dolly!" starring Barbra Streisand, Walter Matthau, Michael Crawford and Tommy Tune. 6.00 Worldwide Reports. 5.30 Marco Polo. 6.30 Club Mix. 7.00 Mother and Son. 7.35 Newyddion. 7.45 Pwy Sy'n Gerthyn? 8.15 Noson Lawen. 9.15 Ar Y Creigiau. 9.45 The Cosby Show. 10.15 Feature Film: "The Killing of Sister George," starring Beryl Reid.

IBA Regions as London except at the following times:

ANGLIA
5.05 pm Connections. 11.10 pm Joan Baez in Paris. 12.25 am At the End of the Day.

BORDER
5.05 pm Off the Rack. 11.15 Dionne Warwick in London.

CENTRAL
5.05 pm Mr and Mrs. 11.15 "The World Cup — A Captain's Tale," starring Dennis Waterman, Richard Griffiths, Nigel Hawthorne and Derek Francis. 12.45 am The Chicago Knockers. 1.20 am Closedown followed by Central Jobfinder.

Maria Ewing as Carmen, BBC 2 8.35

CHANNEL
11.50 am Today's Weather. 5.05 pm Connections. 11.15 The Making of Mad Max beyond the Thunderdome. 12.10 am Manhattan Transfer.

GRAMPIAN
5.05 pm Connections. 11.18 Dionne Warwick In London. 12.15 am Cricket Results followed by Reflections.

GRANADA
5.05 pm Knight Rider. 6.00 Robin of Sherwood. 11.15 "Joseph Andrews," starring Ann-Margret and Peter Firth. 1.00 am Tales from the Darkside.

HTV
11.58 am HTV News. 5.05 pm Off the Rack. 11.15 "The World Cup — A Captain's Tale," starring Dennis Waterman, Nigel Hawthorne and Derek Francis.

SCOTTISH
5.05 pm Connections. 11.15 The Early Beatles — 1962-1965. 12.00 Late Call.

TSW
11.30 am Gus Honeybun's Magic Birthdays. 11.32 Terrahawks. 11.57 TSW News. 5.05 pm TSW News. 5.07 Blockbusters. 9.15 Mr TSW 1986. 10.15 C.A.T.S. Eyes. 11.19 When the Music's Over. 12.15 am Postscript.

TVS
11.57 am TVS Weather. 5.05 pm Connections. 11.15 The Making of Mad Max—Beyond the Thunderdome. 12.15 am After Midnight: Manhattan Transfer. 1.15 am Company.

TYNE TEES
5.05 pm Diff'rent Strokes. 11.15 "The World Cup: A Captain's Tale," starring Dennis Waterman. 12.45 am Poet's Corner.

ULSTER
11.58 am Lunchtime News. 5.03 pm Ulster News. 5.05 Who's The Greatest? 9.12 Ulster News. 11.15 Johnny Cash in San Quentin. 12.15 am Sports Results. 12.20 News at Bedtime.

YORKSHIRE
5.05 pm Who's The Greatest?. 11.15 "Land of the Minotaur" starring Peter Cushing and Donald Pleasence.

(S) Stereo on VHF

BBC RADIO 2
8.05 am David Jacobs (S). 10.00 Sounds of the 60s (S). 11.00 Album Time (S). 1.00 pm The News Huddlines. 1.30 Sport on 2 including Golf (The Whyte and Mackay PGA Championship); Racing from Haydock Park; Racing at The Curragh; Cricket (England v India) plus practice day at the Belgium Motor Racing Grand Prix, the German Motor-cycling Grand Prix, a look at cycling's big event—The Milk Race—and at Northern Ireland and Scotland's prospect for the World Cup. 6.00 John Dunn Presents Two's Best. 7.00 Pop Score. 7.30 Up Where We Belong (S). 8.10 At The Piano (S). 8.30 String Sound (S). 10.05 Martin Kelner (S). 12.05 am Night Owls with Dave Gelly (S). 1.00 Nick Page presents Nightride (S). 3.00-4.00 am A Little Night Music (S).

BBC RADIO 3
7.00 am News. 7.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.35 This Sporting Life. 11.40 Beethoven: Missa Solemnis (S). 1.00 pm News. 1.05 Eric Parkin piano recital (S). 2.00 The English Concert (S). (2.40-2.45 Interval Reading). 3.30 Fine Arts Brass Ensemble (S). 4.00 Song Recital (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 Organs in Norway (S). 7.15 A Reflection On the Nation: The Library Of Congress. 8.00 Bath International Festival 1986 Pierre Boulez directs the Ensemble InterContemporain in a concert direct from Bristol, part 1: Stravinsky, Boulez, Ligeti. 8.50 Hart Stravinsky, I'rd An American Composer. 9.10 Concert Part 2: Debussy, Stravinsky, Messiaen (S). 10.00 Bournemouth Sinfonietta (S). 11.00 Continental Cabaret Chansons (S). 11.35 Erik Satie Piano music played by John McCabe (S). 11.57-12.00 News.

MEDIUM WAVE as above except: 10.40 am-7.15 pm Cricket: England v India—the first Texaco Trophy One-Day International at The Oval.

BBC RADIO 4
7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down To Earth. 7.55 Weather; Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport on 4. 8.46 Yesterday in Parliament. 8.57 Weather; Travel. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week in Westminster with Peter Kellner, Political Editor of the New Statesman. 10.30 Loose Ends. 11.30 From Our Own Correspondent. 12.00 News; Money Box. 12.27 pm The News Quiz (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News; The Afternoon Play (S). 3.30 News; Travel; International Assignment. 4.00 The Saturday Feature. 4.45 The Fosdyke Saga II. 5.00 The Living World. 5.25 Week Ending. 5.50 Shipping Forecast. 5.55 Weather; Travel. 6.00 News; Sports Round-up. 6.25 Stop The Week with Robert Robinson. (S). 7.00 Saturday Night-Theatre (S). 8.50 In Search of Professor Moriarty. 9.00 Baker's Half Dozen (S). 9.30 Thriller. 9.58 Weather. 10.00 News. 10.15 Evening Service (S). 10.30 Soundings. 11.00 Science Now. 11.30 The Cabaret Upstairs (S). 12.00-12.15 am News.

SUNDAY

† Indicates programme in black and white

BBC 1
8.55 am Play School. 9.15 Knock Knock. 9.30 This is the Day. 10.00 Asian Magazine. 10.30 Switch on to English. 10.55 France Actuelle. 11.20 Micro File. 11.45 The Learning Machine. 12.10 pm Family History. 12.35 Farming. 12.58 Weather News for farmers. 1.00 This Week Next Week.
2.00 pm EastEnders. 3.00 Film: "Mutiny on the Bounty" starring Marlon Brando, Trevor Howard, Richard Harris and Hugh Griffith. 5.50 Disney Time. 6.25 Lance Percival appeals on behalf of Soundaround, the country's first national talking magazine produced by the blind for the blind. 6.30 News. 6.40 Praise Be! 7.15 Film: Agatha Christie's Murder is Easy (tv film). 8.50 Mastermind. 9.20 News. 9.35 That's Life. 10.20 Heart of the Matter. 10.55 Summer of '66. 11.30 The Sky at Night.

BBC 2
1.55 pm Sunday Grandstand 6.40 The Money Programme. 7.15 Nature. 7.45 The World About Us: Outback Bash. 8.35 Eurovision Young Musician of the Year 9.45 The 1986 Formula One World Championship. The Belgian Grand Prix. 10.20-12.05 am Film: "Lily In Love." (Maggie Smith and Christopher Plummer star).

LONDON
5.55 am TV-am Breakfast Programme. 9.25 Wake Up London. 9.35 Woody And Friends. 9.45 Roger Ramjet. 10.00 Morning Worship. 11.00 Link. 11.30 Once A Thief . . . ? 12.00 Weekend World. 1.00 pm Police 5. 1.15 The Smurfs. 1.30 Small Wonder. 2.00 Platform. 2.30 LWT News Headlines followed by "Mystery Island." starring Jayson Duncan. 4.00 Athletics—The HFC UK Championships.
5.00 The Campbells. 5.30 Albion Market. 6.00 Now You See It. 6.30 News. 6.40 Highway. 7.15 Winner Takes All. 7.45 Murder, Mystery, Suspense: "Man On The Outside," starring Lorne Greene. 8.40 Mexico 86 Promotion. 9.45 News. 10.00 Love And Marriage. 11.00 LWT News Headlines followed by Sammy Davis In Paris. 12.00 Gibraltar—Rock Of Ages. 12.55 am Night Thoughts.

CHANNEL 4
1.05 pm IdaN Angle presents Patterns. 1.35 The Making Of Britain. 2.00 Two Snails. †2.35 "A Foreign Affair," starring Marlene Dietrich. 4.45 Durrell In Russia. 5.15 News Summary followed by The Business Programme. 6.00 International Gymnastics: The NatWest Sport Aid Gala. 7.15 African Hunters.
8.15 People To People presents Who Needs Women Drivers? 8.15 Country Matters. †10.15 "Went The Day Well?" starring Leslie Banks, Basil Sydney, Mario Lohr and Thora Hird. †11.55 "Your Job In Germany."

S4C WALES
1.50 pm Gardeners' Calendar Roadshow. 2.15 Gallery. 2.45 Criced. 3.45 The Moon and the Sledgehammer. 4.45 Arwyddion Flyrdd. 5.15 Criced. 6.30 International Gymnastics. 7.20 Newyddion. 7.30 Cais Am Gan.
8.00 Yr Etifeddiaeth Wyllt. 8.30 Dechrau Canu, Dechrau Canmol. 9.00 Teulu Duw. 9.30 Almanac. 10.05 Plu Chwithig. 10.35 Ar Y Creigiau. †11.05 Feature Film: "Albert RN."

IBA Regions as London except at the following times:—

ANGLIA
9.30 am At Home. 1.00 pm The Beverly Hillbillies. 1.25 Weather Trends. 1.30 Farming Diary. 2.30 Sunday Cinema: "Checkpoint." 5.00 The Campbells. 5.30 Now You See It. 6.00 Albion Market. 11.00 Who's The Greatest? 11.30 The New Avengers. 12.30 am A Woman's World.

BORDER
9.25 am Gardening Time. 9.55 Border Diary. 1.00 pm A Woman's Place. 1.30 Farming Outlook. 2.30 The Love Boat. 5.30 Look Who's Talking. 6.00 Albion Market. 11.00 Jazz Special.

CENTRAL
9.25 am Wattoo, Wattoo. 9.30 Jayce And The Wheeled Warriors. 1.00 pm The Adventurer. 1.30 Gardening Time. 2.30 The Weekend Matinee: "When Worlds Collide, starring Richard Derr and Barbara Rush. 5.00 Who's The Greatest? 5.30 The Campbells. 6.00 Albion Market. 11.00 War. 12.00 Closedown followed by Central Jobfinder.

CHANNEL
9.25 am Today's Weather. 9.28 Starting Point. 9.30 Les Francais Chez Vous. 1.00 pm That's Gardening. 1.30 Video Club. 1.45 Report African Aid. 2.30 Scarecrow and Mrs King. 3.30 Who's The Greatest? 11.00 "The World Cup—A Captain's Tale."

Valerie Taylor in Went the Day Well? C4 10.15

GRAMPIAN
9.24 am Max, The 2000-Year-Old Mouse. 9.35 Sesame Street. 10.30 Fireball XL5. 1.00 pm Farming Outlook. 1.30 The Spice Of Life. †2.30 Feature Film: "The Marx Brothers Go West." 5.30 Now You See It. 6.00 Albion Market. 11.00 Tales From The Darkside. 11.30 Art Blakey At Ronnie Scott's. 12.00 Reflections.

GRANADA
9.25 am Max The 2000-Year-Old Mouse. 9.35 California Highways. 11.00 Once A Thief . . ? 11.25 Aap Kaa Hak. 11.30 This Is Your Right. 1.00 pm David Frost Presents The Seventh Guinness Book Of Records Special. 2.30 Sunday Matinee: "Taza, Son Of Cochise," starring Rock Hudson and Jeff Chandler. 5.30 Now You See It. 6.00 Albion Market. 11.00 "The World Cup—A Captain's Tale."

HTV
9.25 am Max The 2000-Year-Old ... †9.35 Fireball XL5. 1.00 pm Gardening Time. 1.30 Farming Wales followed by Weather For Farmers. 2.30 The Sunday Matinee: "When Worlds Collide." ... Albion Market. ... "Loot," starring ... Lee Remick ... O'Shea.

HTV Wales—As HTV West except: 1.00-1.30 pm ...

SCOTTISH
9.25 am ... Outlook. ... The Glen ... "Checkpoint" ... and Anthony ... 11.00 ... World Cup ... starring ... Keir and Nigel Hawthorne. ... Late Call.

TSW
9.25 am ... Link. 11.00 ... Look and See ... Week. 1.00 ... Farming News ... Ice Skating ... Now You See It ... 11.00 Who's ... South West ... Postbag.

TVS
9.25 am ... Compilation ... Enterprise ... Mrs King. ... 11.00 "The ... Tale." 12.35 ...

TYNE TEES
8.25 am ... Your Dreams ... 1.00 pm Farming ... Who's Talking ... Sunday Matinee ... Store?" ... Albion Market ... Epilogue.

YORKSHIRE
0.25 am ... Thief. . . . ...

Ian McKellen in Country Matters, C4 9.15

BBC RADIO 3
... Circle (S). 8.00 David Munrow directing the Early Music Consort of London (S). 9.00 News. 9.05 Your Concert Choice (S). 10.30 Music Weekly (S). 11.15 Boris Berman (S). 12.15 ...

BBC RADIO 4
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